

JPRS 80398

24 March 1982

East Europe Report

ECONOMIC AND INDUSTRIAL AFFAIRS

No. 2249



FOREIGN BROADCAST INFORMATION SERVICE

NOTE

JPRS publications contain information primarily from foreign newspapers, periodicals and books, but also from news agency transmissions and broadcasts. Materials from foreign-language sources are translated; those from English-language sources are transcribed or reprinted, with the original phrasing and other characteristics retained.

Headlines, editorial reports, and material enclosed in brackets [] are supplied by JPRS. Processing indicators such as [Text] or [Excerpt] in the first line of each item, or following the last line of a brief, indicate how the original information was processed. Where no processing indicator is given, the information was summarized or extracted.

Unfamiliar names rendered phonetically or transliterated are enclosed in parentheses. Words or names preceded by a question mark and enclosed in parentheses were not clear in the original but have been supplied as appropriate in context. Other unattributed parenthetical notes within the body of an item originate with the source. Times within items are as given by source.

The contents of this publication in no way represent the policies, views or attitudes of the U.S. Government.

PROCUREMENT OF PUBLICATIONS

JPRS publications may be ordered from the National Technical Information Service, Springfield, Virginia 22161. In ordering, it is recommended that the JPRS number, title, date and author, if applicable, of publication be cited.

Current JPRS publications are announced in Government Reports Announcements issued semi-monthly by the National Technical Information Service, and are listed in the Monthly Catalog of U.S. Government Publications issued by the Superintendent of Documents, U.S. Government Printing Office, Washington, D.C. 20402.

Correspondence pertaining to matters other than procurement may be addressed to Joint Publications Research Service, 1000 North Glebe Road, Arlington, Virginia 22201.

24 March 1982

EAST EUROPE REPORT

ECONOMIC AND INDUSTRIAL AFFAIRS

No. 2249

CONTENTS

INTERNATIONAL AFFAIRS

- Marszalek Reviews Book on CEMA-EEC Relations
(Antoni Marszalek; SPRAWY MIEDZYNARODOWE, May 81) 1

ALBANIA

- Role of Agriculture in New Five-Year Plan Discussed
(Stavri Rista; RRUGA E PARTISE, Oct 81) 6

CZECHOSLOVAKIA

- Value Analysis Reinstated as Economy Measure
(Vladimir Duchek; HOSPODARSKE NOVINY, 22 Jan 82) 19

GERMAN DEMOCRATIC REPUBLIC

- Debts to West Seen Limiting Economic Growth
(NEUE ZUERCHER ZEITUNG, 18 Feb 82) 23

POLAND

- Training of Pilots for Lot Discussed
(Adam Borowski, et al.; SKRZYDLATA POLSKA, 20-27 Dec 81) . 26

ROMANIA

- Application of Economic Efficiency Measures in Industry
(Gh. Sica; ERA SOCIALISTA, 5 Dec 81) 30
- Importance of Control Factor for Worker Self-Management
(Radu Ciurileanu; ERA SOCIALISTA, 5 Dec 81) 37
- Necessity for Updating Agricultural Pricing System Shown
(Emil Niculescu; REVISTA ECONOMICA, 12 Feb 82) 43

Consumer Cooperatives React to Increased Responsibilities (Ian Vetrinean; REVISTA ECONOMICA, 5 Feb 82)	50
---	----

YUGOSLAVIA

Finance Secretary Kostic Discusses Strengthening the Dinar (Petar Kostic Interview; RAD, 19 Feb 82)	55
Serious Shortage of Petroleum Products in Macedonia (NOVA MAKEDONIJA, 6 Mar 82)	59

MARSZALEK REVIEWS BOOK ON CEMA-EEC RELATIONS

Warsaw SPRAWY MIĘDZYNARODOWE in Polish No 5, May 1981 pp 150-153

[Review by Antoni Marszałek of book "CEMA-EEC. Realities and Perspectives," collective work under the editorship of Wirginia Grabska. Polish Institute of International Affairs (PISM). Warsaw 1980, 320 pp]

[Text] This work deals with a very important area of international relations, including integration processes in EEC and CEMA and economic relations between these groupings. Several works have already been written on the subject of integration within EEC and CEMA, as well as on economic relations, mainly of East-West cooperation. Many of these works are valuable and thoroughgoing, both from the documentary and factual side as well as for theoretical generalizations, the search for specific methods of proper functioning, premises, tendencies, prospects. All these works, however, concern either EEC or CEMA or East-West relations individually.

This work, written by a team of authors headed by Wirginia Grabska, has a somewhat different character, although the work's composition seems traditional enough. The novelty lies in an attempt to consider comparatively first of all the integration processes within the framework of CEMA and EEC, their premises, political and economic conditioning, correctness of the process, as well as consequences for third countries, which includes partners from the competing grouping, and for intra-European cooperation. Therefore, the work is devoted to those issues of economic theory and practice in an area where scientific examination has been hitherto highly insufficient. The importance of this subject matter in scientific research will intensify and the work reviewed here can be included among pioneer works. Also, the problem of contractual relations between the CEMA and EEC countries and the previous course of negotiations between these organizations analyzed in this work is discussed broadly enough in the scientific literature.

In the introduction W. Grabska asserts (p 8), that a lack of cohesion between subregional integration mechanisms and mechanisms of Europe-wide links is evident. If this is true, then can there be a more important correlation of the development of both processes (the integration of groupings and Europe-wide cooperation) at all? The author indicates that it is possible to find many convincing arguments for an affirmative reply. However, it appears that the mere fact of the occurrence of a correlation between the development of

integration processes and of intra-European cooperation does not give to the author sufficient foundation for an unequivocal reply to the question of whether subregional integration will be conducive to the development of Europe-wide ties or whether it will set the relationships back (p 9).

This is so because: 1) this lack of cohesion has a stronger negative influence on the correlation under discussion than the author suggests; 2) in the integration processes of the two groupings there are certain political and economic motivations, which are directed against the competing integration grouping. Here one can argue against the thesis of the closed nature of EEC and the open one of CEMA. At most, one can talk about a specific degree of openness and closedness of the integration groupings. Replies to the questions raised in the introduction are presented in subsequent parts of the work, where hypotheses made in the introduction are also verified.

In Chapter I, Jozef Misala describes the state and prospects of CEMA countries' economic integration. He positively evaluates the progress of these processes and particularly the institutional factors. He indicates that CEMA is not a supranational organization, and acknowledges trade exchange as the most fully developed form of integration links among CEMA countries.

It appears that a gauge of the participation of CEMA member countries in their global foreign trade would be of value only if--besides the high share of foreign trade in the national income, which can be considered as partially achieved--these countries were to have high shares in world commerce. At present, their share in industrial production amounts to less than one-third. Given this situation, it is not possible to accept the declaration of CEMA's openness as an economic organization, for the high shares in mutual turnovers, cited among others calls for the formulation of an opposite thesis.

Many interesting comments on the subject of specialization and cooperation, joint investments, joint enterprises, links in the sphere of science and technology can be found. A number of interesting observations concern the CEMA countries' economic integration mechanism. The author presents the evolution of this mechanism, proving that it went in the direction of decentralization. As examples he gives Poland and Hungary. I do not intend to comment on these, but they cannot help but show that internal and integration mechanisms in our economic practice are effectively separated. The role of relations between goods and finances in the CEMA integration mechanism is negligible.

The chapter by W. Grabska is devoted to the state and prospects of integration within the framework of EEC. The integration of this organization should result in a uniform economic and political body. The positions of individual countries on this question are, as we know, divergent. The author feels that the expansion of EEC membership during the 1970's, the crisis conditions of capitalistic countries and the growing dependence of these countries on global conditioning has caused this organization to reach a turning point in its development. From this it appears that the thesis about integration having to lead to the creation of "one organism" is not so sound. This last assertion finds its confirmation in the fact that integration acts to reduce developmental disproportions to a small degree, that these disproportions are still increasing in various areas [of the world] and fields.

Interesting considerations include problems of conflicts between general integration and national aims. The author notices that there has occurred a conflux of the economic crises in capitalism with the transition to the second stage of integration. At present, there exists a need for higher forms of integration organization. Ensuing problems lie in strengthening a common trade policy, in particular through the so-called organized exchange and currency problems. The latter occupy an important place in the considerations because they have a special role in integration processes, and they are among the most interesting in the entire book.

The next chapter (by Pola Landau) deals with the attitude of the principal states of EEC to the problem of the political unity of Western Europe. The problem analyzed here is mainly of a political nature and concentrates on issues and attitudes connected with a question which from the beginning has accompanied integration concepts of capitalist Europe and practical solutions after the Second World War: what should a unified Europe be, what ought to be her place in the world? Depending on the reply, the proper position is included in the Atlantic or European trend, and the confederal or federal trend. The principal states, the positions of which have been presented, are France, the FRG, and Great Britain. In the French postulates the evolution of Charles de Gaulle's "European Europe" position is presented--a confederation of Europe, G. Pompidou's modifications and the relatively far-reaching modifications of V. Giscard d'Estaing. In the FRG position a unified Europe is mainly a tool of revisionist Bonn policy; it is a federal Europe and its essential part is the Paris-Bonn axis. For the English, "Atlantic Europe" is to be a platform on which to rebuild their influences. They are advocates of a pragmatic approach to institutional problems.

In Chapter IV, Jerzy Wiecezorek discusses factors limiting trade exchange between CEMA and EEC countries. This issue has fundamental importance for the CEMA countries, including Poland, which is to an important degree tied to EEC economically. The creation of this organization meant a deterioration of exchange conditions of CEMA countries with the countries of that organization [EEC], particularly from the moment of the introduction of "organized exchange" in 1974. Trade with Western Europe deteriorates for CEMA countries as EEC grows by accepting new members.

J. Wiecezorek also analyzes factors which limit exchange and documents statistically the raised reasons. He indicates the faulty structure of this exchange which has existed for many years and the fact that the participation of EEC countries in global export as well as in the import of CEMA countries is incomparably higher than the analogous participation of socialist countries (p 167). The qualification "incomparably higher" is not quite clear. Protectionism undoubtedly causes the participation of socialist countries on the capitalist markets to be lower than it would be under conditions where this protectionism did not exist. But this asymmetry would exist as before, since it is not generally a result of protectionism, but of the socialist countries' level of economy and of their participation in world trade (which is derivative). The problem of our foreign trade structure looks the same. Reflections on this subject in several scientific papers appear to be overly schematic: cause--protectionism. This thesis is valid only in part, and statistical data, true in themselves, often serve to justify a not entirely true thesis.

This chapter, while containing here and there elements one could polemicize with, is acceptable as a whole. Particularly interesting and well qualified are reflections on barriers limiting export by CEMA countries to the EEC market. It is important to realize, that these barriers may be rooted in CEMA's lagging behind the demands of the world market's developmental tendencies.

In the next chapter, Krystyna Michalowska-Gorywoda and Jozef Misala discuss the state of agreement relations between the CEMA and EEC countries. This issue is extremely important in the area of EEC-CEMA economic relations, and rightly finds itself in this reviewed work. The authors emphasize the role of long-term agreements, particularly in the field of cooperation, the role of long-term programs, divergence of standpoints, and the position of the EEC Commission. Particularly interesting are considerations concerning specific forms of contacts by CEMA countries with the Community and its organs.

"Generally, a characteristic feature of these contacts was the aspiration of socialist countries to maintain the principle of political and legal non-recognition of the Community" (p 226). In this work the raising of this principle is extremely important and it should not remain without commentary. This standpoint to a serious degree, if not primarily, has weighed heavily on EEC-CEMA relations. Only in the 1970's has a greater realism been shown in CEMA, but there has been no success in taking advantage of it. The next chapter, IV [sic] rather interestingly written, should consider the problem of negotiations between CEMA and EEC in the context of this main principle, namely of political and legal nonrecognition of EEC, a principle which, from the pragmatic point of view, is harmful for our relations with EEC.

Chapter VI (by Krystyna Michalowska-Gorywoda) is devoted to the course of negotiations between CEMA and EEC to date. The analysis of the course of the negotiations is preceded by a discussion of conditions for the formation of mutual EEC-CEMA relations, the genesis of the dialogue between these organizations, and content of understandings presented by both sides. An evaluation of the past negotiations between EEC and CEMA ends this chapter. The author emphasizes the political factor in the establishment of EEC and CEMA, assigning an aggressive political role to EEC and a defensive one to CEMA. This matter is quite complicated since it depends on which of these political concepts is analyzed and which among them will prevail in the practice of implementing integration processes. From this point of view the concepts presented in EEC include, in every case, a specific relation to socialist Europe, and this does not result in imposing an insurpassable embargo on the relations with these countries. The Charles de Gaulle doctrine was certainly not like this. If EEC would develop in the direction of collective economic self-sufficiency, it would end in failure in the nearest future. It is not so, therefore, evaluations have to be more comprehensive. I agree with the evaluation of the past negotiations between CEMA and EEC.

In Chapter VII W. Grabska discusses intra-European economic cooperation in the 1970's. This chapter represents a kind of recapitulation of the entire work, since after having treated the questions of EEC, CEMA and the relations between them, it was necessary to look at Europe as a whole. It is

mainly a view through a prism of East-West relations, but these are, after all, the basic factors of Europe's functioning as a single, indivisible continent.

In sum, this work under review deals with extremely important problems, not always elucidated sufficiently in literature. The team of authors has given assurance that their work has been prepared competently and in an interesting manner, broadening our knowledge in many respects.

9841

CSO: 2600/318

ROLE OF AGRICULTURE IN NEW FIVE-YEAR PLAN DISCUSSED

Tirana RRUGA E PARTISE in Albanian Oct 81 pp 25-38

[Article by Stavri Rista: "In This Five-Year Plan Agriculture Will Play an Important Role in the Independent Development of the Country"; passages between slant-lines printed in boldface]

[Text] The party has always considered the development of agriculture as one of the main links of the general economic and social development of the country. In the Seventh Five-Year Plan, too, the solution of many problems assigned by the party for the development of the people's economy in general, the development of the various industrial branches, the increase of exports and reserves, the regular supplying of the market with agricultural products, and the better and better satisfaction of the people's demands for consumer goods depends on the fulfillment of the tasks stipulated for agriculture.

In implementing the tasks assigned by the Seventh Party Congress, during the past five-year plan important successes were also achieved in agriculture, on the basis of the intensification of production in all its branches. The overall agricultural production achieved in this five-year plan was 21.4 percent greater than that obtained during the Fifth Five-Year Plan. The basic task of satisfying all the needs of the people and of the economy with bread grains produced in the country was implemented. Also, the other agricultural and livestock products were increased, thus ensuring the fulfillment of most of the needs for food articles with our own products.

These successes, as stressed in the draft directives of the Eighth Party Congress for the Seventh Five-Year Plan, "further increased the role of our socialist agriculture in the struggle for the independent development of the country, better satisfying the needs of the people, of industry and of the export (E PARTISE, No 7, 1981, p 9). It is a fact, however, that opportunities existed to further increase the indicators of agricultural production and to better fulfill the plan tasks. This was the conclusion of all concrete analyses and the many discussions that were carried out. This is also shown in the great results achieved by many progressive agricultural brigades, sectors and units.

On the basis of achievements, experience gained and conditions created, the draft directives of the Eighth Party Congress for the Seventh Five-Year Plan set very important tasks for the further development of agriculture mainly in the area of

intensification, for a greater increase of agricultural and livestock production. Thus, the average agricultural production is expected to be 31-33 percent higher compared to that of the Sixth Five-Year Plan. The main task for this five-year plan also remains the production of bread grains which will increase about 20 percent during the 5 years taken together, in comparison with that of the Sixth Five-Year Plan. A considerable increase is expected in all field crops. For example, the production of sugar beets is expected to increase by 42-45 percent, of sunflower 56-58 percent, of cotton 56-59 percent and of tobacco 46-49 percent, in comparison with that obtained during the Sixth Five-Year Plan. A greater development will also be given to the production of potato, vegetables and beans by producing all varieties in the necessary quantity. Production of other agricultural branches, such as livestock, fruit tree planting and so forth, will also be increased at rapid rates. In 1985, compared to 1980, the production of milk is expected to be 29-31 percent greater, meat, 53-55 percent greater, eggs, 50-52 percent greater and wool, 34-36 percent greater.

A distinctive characteristic of the development of agriculture in this five-year plan will be /the progress on the road to intensification at greater rates than in any other five-year plan./ Thus, for example, 90 percent of the increase of overall agriculture and livestock production will be insured increasing yields of agricultural crops and production per head of livestock, and the entire increase in the production of bread grains, rice, cotton, sugarbeets and so forth is expected to be provided by the increase of yield from every hectare sown with these crops.

The achievement of planned outputs is based on the improvement of organizational and management work in harmony with the demands of the present stage for the intensive development of agriculture, and on the strengthening of discipline, increase of work indicators, broad implementation of progressive experience and advanced technologies, invigoration and most effective use of the material and technical base and so forth. These matters assign very important tasks to cadres, specialists and all agricultural workers who, under the leadership of the party organizations, must attach greater attention to the knowledge and use of organizational, technical and scientific factors which affect the fulfillment of the planned tasks to increase production.

During the examination of the draft directives in all enterprises and agricultural cooperatives, the participants gave valuable ideas on the improvement of the indicators of the Seventh Five-Year Plan on the basis of a better utilization than now of all the conditions created for the expansion of the intensification of agricultural production, placing it on the most sound scientific bases.

Among the main factors which affect agricultural development on the road of intensification, there are, as practice shows, the increase of manpower and labor for every unit of arable land, the increase of investments and their effective use, and the correct use of all other factors which affect the increase of the productive capacity of the land, utilizing on the basis of correct criteria the data of agro-pedological and chemical studies existing in every agricultural unit.

The existing progressive experience--especially, that of the Plase agricultural cooperative in Korce District, of the Krutje agricultural cooperative in Lushnje

District, of the agricultural enterprise in Levan, Sukth and Lukove, and of many other agricultural units—linked with the implementation of the studies carried out for the systematization and mobilization of land, is an important base where many other agricultural units can learn, always implementing these experiences in accordance with the concrete conditions prevailing in every agricultural unit.

However, the execution of the necessary improvements in the land systematization requires, first of all, the creation and strengthening of the necessary convictions about the necessity of the use on the basis of correct criteria, of planned investments, of the material base and, especially, of agricultural machinery. We stress this because there are still many cadres, specialists and other agricultural workers who calculate and rate the achievement of great results in production particularly in accordance with the great volume of investments, the number of mechanized means added and, mostly, according to the way the soil is worked, that is, as deeply as possible and in proper time, and few people think, for example, that every investment for land systematization must be properly studied and implemented with great effectiveness or that all land work and leveling must be carried out with plows, disk harrows, miling machines, leveling machines and so forth, and that, first of all, it is essential to insure a perfect systematization of the plot so that the best conditions possible will be created to implement advanced technology in the cultivation of agricultural crops. Or, it is a known fact that surface land systematization produces the maximum effect when it is accompanied by deep systematization and by a complete drainage and irrigation system for the land. Therefore, based on experience gained and possibilities created, it is stipulated that during the years of the Seventh Five-Year Plan the areas drained with ceramic tubes and with other means will be increased 2.4 times in comparison with what has been drained until now. However, the result of this work in the development of agricultural production will be great if the concern for the production of good quality drainage tubes and for respecting technological conditions in regard to the construction of drainage works are also increased in accordance with the requirements of mechanization of work processes and if new technologies that speed up their construction are used.

In regard to the further development of agriculture on healthy scientific bases, many important studies have been carried out for the centralization and specialization of agricultural crops, improvement of the level of mechanization, increase of the capacity of irrigation, improvement of irrigation methods and so forth. Of great value is the study done on the extension of the intensification of agricultural yields in the plains and coastal area of some districts. On the basis of this study, the draft directives of the Eighth Party Congress for the Seventh Five-Year Plan assign the task "of adopting measures to intensify agricultural production at a higher level in the plains and coastal area of the country. ... this, a more rational centralization and utilization of the material base, of agricultural technology, of investments and of the people's work must be carried out on more than 100,000 hectares of land of this area" (RRUGA E PARTISE, No 7, 1981, p 16).

Regarding the implementation of this task, concrete work has begun in all agricultural units situated in this area, on the basis of studies carried out and programs established in accordance with the measures adopted. Particular attention is being devoted to the structure of agricultural crops, as a starting point for

the best scientific organization possible of agricultural production. It responds to the guideline of the party that bread grains must hold the main position in production. Thus, about 45 percent of the land sown with agricultural crops in this area will be assigned to bread grains, building a proper relationship between cultivated and non-cultivated crops which favors the sowing of second crops for fodder, on very large areas. Along with bread grains, an important place will be given to fodder crops, as first crops. There are also plans to sow about 94 percent of the cotton crop in this area; while, the areas sown with vegetables will better satisfy the requirements for export and the needs of the population in Tirana, Durrës, Elbasan and in other cities.

The extension of the intensification of agricultural production in this area aims, for example, at obtaining an average yield of 50 quintals per hectare from the areas sown with bread grains. It is also expected that the yields from the production of industrial and fodder crops will be higher than those of the other plains areas which are not included in this [plains and coastal] area.

The achievement of high yields, as anywhere in agriculture, especially, in the intensified area, will be based mainly on the improvement of the organizational and technical-scientific factors linked with the implementation of advanced experiences and technologies, on the improvement of the effectiveness of the use of organic and chemical fertilizers, on irrigation and on chemical preparations used for the protection of crops and on various mechanisms. In the meantime, new investments will be granted for improving the soil and increasing its productive capacity. Concrete tasks have been set and are being executed, for example, for the draining of about 47 percent of the lands under cultivation and for improving the irrigation capacity to satisfy all the increasing demands for irrigation of agricultural crops. In this direction, the scientific research institutions and the water and systematization enterprises in districts have planned, in accordance with the technology of the irrigation of cultivated crops, to carry out reconstructions in the irrigation canals, to construct new masonry works, to increase the water capacity of existing reservoirs and of the reservoirs to be constructed and to further extend irrigation in the form of rain through the use of natural means and power. The increase of the level of mechanization in this plains and coastal area will be about two times greater than the average increase at the national level. This will be achieved not only through the increase of motor power, but also through the increase of the coefficient for the utilization of existing means and of new machines and pieces of equipment which have been assimilated or will be assimilated by our machine industry, such as graders, deep plowing plows, hoeing and fertilizing millers, harrows with active organs, sowing machines combined with a fertilizer distributing mechanism, silage processing combines, self-propelled combines for crops and so forth.

Important investments will also be granted for the development of agriculture in all the districts in general so that agricultural production will be increased mainly through intensification, without neglecting the expansion of workable areas. In this five-year plan, the specific proportion of investments for agriculture, in the total of all investments, is greater than in any other five-year plan. But, as it also appeared during the discussions and meetings carried out to approve the indicators of the Seventh Five-Year Plan, a greater reserve for

increasing agricultural production, in the stipulated and planned quotas, is to be found in the implementation of the technical and organizational measures for the best possible utilization of the existing material and technical base, in order to improve the effectiveness of the use of organic and chemical fertilizers and of the mechanical means and so forth, correctly combining the increase of manpower with the concrete labor for every unit of production.

In the Seventh Five-Year Plan the yields of field crops and, especially, the production of bread grains will undergo a rapid development. And, we stress that an increase of about 37 percent over the Sixth Five-Year Plan in the production of field crops will be insured, first of all, from the increase of yields of agricultural crops. Thus, for example, in 1985 it is expected that the following average yields will be obtained: wheat, 32 quintals per hectare; corn, 46 quintals per hectare; sugarbeets, 379 quintals per hectare; cotton, 14.3 quintals per hectare; and so forth.

/The targets set for increasing yields in the production of field crops in this five-year plan are high, but fully achievable. There are many agricultural brigades, sectors and units which already fulfilled and overfulfilled in the Sixth Five-Year Plan the targets that had been set for this five-year plan. Now, one can find dozens of agricultural units yielding over 40 quintals of wheat per hectare, 60 quintals of corn per hectare and so forth. The agricultural cooperatives in Plase and Kemishtaj, the agricultural enterprise in Maliq and others have been yielding, for years, up to 50 quintals of wheat per hectare and, in general, have had consistent results in increasing the production of bread grains. Also, the agricultural enterprises in Vrine and Vurgu, the agricultural cooperatives in Cakran and Peze and hundreds of brigades and sectors have yielded more than 70 quintals of corn per hectare in all their sown areas.

These examples of progressive experience show that the targets established for this five-year plan have real bases and, as Comrade Enver Hoxha says, /if we tackle the job seriously so as to generalize the progressive example which exists on a wide level, not only in all the country but also in every district and agricultural unit, will the plan be fulfilled, and all opportunities exist to overfulfill it every year./

Advanced experience served and is serving to create healthy convictions about the many reserves that exist in agriculture, to combat erroneous concepts and practices observed in certain cases and, especially, to combat one-sidedness in solving problems--practices which do not take into consideration the entire complex of factors of development. It is a known fact that the nonfulfillment of some tasks in the past five-year plan was caused mainly by shortcomings of this type. One-sidedness existed, for example, in the evaluation and utilization of organic and chemical fertilizers. Thus, some directors of agricultural units, on the basis of the fact that chemical fertilizers had been increased, did not show proper care for increasing and promoting greater effectiveness in the use of organic fertilizers or did not properly harmonize their utilization in accordance with the composition of the soil and the requirements of crops. One-sidedness is also seen in the erroneous concepts of some cadres who think and say that "it is enough to have fertilizers and water to obtain the yields," thus, neglecting

the other factors such as crop services, sowing on schedule and with selected seeds, harvesting on schedule and without loss and so forth.

Of course, all these erroneous concepts and practices have been criticized and serious measures are being taken to correctly harmonize all the factors for increasing agricultural production. And, here again, what does progressive experience show today in the struggle to realize the tasks of the new five-year plan? The workers of advanced agricultural brigades and units, who have worked seriously according to scientific bases and have sweated over it, have achieved and are achieving great results by overfulfilling the expectations from the first year of the five-year plan. Thus, for example, the results of the agricultural enterprise in Fier, which produced more than 7,000 quintals of wheat above the plan, are not by chance, nor are the results of the agricultural cooperatives in Lapardha and Donofrose in Berat District, in Nikle in Kruje District, in Shirgjan and Shtermen in Elbasan District and of many other agricultural units which fulfilled and overfulfilled the plan tasks for increasing yields in the production of wheat and other crops.

However, to acquaint oneself on a general basis, simply and only with the results achieved by advanced agricultural units, in the production indicators and in the economic and financial indicators, as some cadres and specialists do, is not sufficient in order to deal with the generalization, dissemination and implementation of progressive experience. Such an action is not sufficient. With some figures of achievements one neither creates the proper conviction nor discovers the factors that had led to these results. As long as the requirements of the laws of science and technology find their practical implementation in progressive experience, it is understood that its assimilation and implementation require a thorough treatment, study and perseverance in an organized and scheduled manner. On the other hand, progressive experience must not be sought in some matters which are purely technical and organizational, only in some matters concerning the implementation of agrotechnology and of scientific discipline. Progressive experience is, at the same time and first of all, a matter of deep political and ideological content expressing a new understanding and attitude on the part of advanced workers toward duty, the responsibility that everyone feels toward the collective and society in general in regard to the implementation of the tasks. It is not possible to refer to large yields in agricultural production, Comrade Enver Hoxha teaches us, without having revolutionary concepts and convictions, without political and ideological clarity and without strengthening scientific discipline and work discipline. In this understanding, progressive experience keeps to itself, for example, how much and how one should struggle without retreating in the face of difficulties and how these difficulties are overcome, being always prepared for such an event.

This year the implementation of progressive experience, especially, that of the cultivation of wheat and corn, but also of the other crops, has been extended to a great number of agricultural units in all the districts of the country. In the meantime, the new experience is born and is being generalized. For this, a particular role is played by the schools of progressive experience operating in the agricultural units which have obtained and are obtaining great yields in production; they serve to encourage and perfect scientific thought, to document and

generalize progressive experience and the new things of science and agricultural technology on scientific bases, and to execute them in broad production. The schools of progressive experience for corn growing in agricultural cooperatives in Cakran and Peze and the schools for the livestock fodder base of the agricultural enterprise in Berat and the agricultural cooperatives in Bushat and Bucimasi and so forth have done good work this year. The schools of progressive experience for cotton and sunflower growing, for the creation of herds of cows with great productivity and those schools for economic and financial indicators in production have also fulfilled their tasks at a high level.

Nevertheless, from the analyses of the progress made by the schools of progressive experience, one can also see shortcomings in the work of these schools, especially, in regard to the drawing of necessary theoretical and practical conclusions. In this direction, the scientific research institutions can and must do more in regard to the scientific documentation of progressive experience and the generalization and dissemination of new elements of science and production. We find this positive experience in the work being done at the Dajci agricultural cooperative in Shkoder District, where, as a result of cooperation with the Institute of Corn and Rice, an improved technology of corn growing has been determined and is being implemented with scientific discipline, relying on the improvement of the level of utilization of existing machines, on planned and regular supplying of chemical fertilizers and on the use, with great effectiveness, of chemical fertilizers and of the entire material and technical base, aiming at yielding more than 75 quintals of corn per hectare from the entire area of 600 hectares sown with corn. It is worth mentioning that in this unit, as a result of the combining of progressive experience with the data of the scientific research work of accurate scientific workers, a complete systematization of the land was carried out, a bed suitable for the precise sowing of seeds was prepared, a correct combination of chemical fertilizers with organic fertilizers was assured in accordance with the chemical and physical composition of the soil and with the requirements of crops, and a number of new technical and organizational measures, including the harvesting of crops without loss of yields, are being implemented with scientific discipline. Present results show that the established targets will be overfulfilled. It is the task of the Ministry of Agriculture and of the district agricultural sections to disseminate more this experience and that of the Vrine agricultural enterprise in complex mechanization more rapidly in the plains area of the country.

In the execution of studies carried out by the agricultural units, the districts and the Ministry of Agriculture, special importance must be given to the measures /regarding the perfection of the scientific organization of agricultural production and of the utilization of new technologies./

In this framework, measures are foreseen for extending the centralization of agricultural crops according to districts, within the districts, and according to the agricultural units, sectors and brigades in order to further improve the structure of agricultural production, establish the most correct relationships between cultivated and non-cultivated crops and, along with the expansion of irrigation, progress toward the elimination of sowing of cultivated crops on the lands over water and of the sowing of wheat following wheat. In this way, concrete conditions will also be created to execute the rotation of agricultural crops on sound scientific bases.

Many agricultural units have embarked on the road to the complete assimilation of studies on the centralization and specialization of production and on the rotation of agricultural crops. The experience of the Plase cooperative in Korce, of the Grecalli and Pojan cooperatives in Fier, the Kemishtaj and Gorrese cooperatives in Lushnje and many other units show the great role played by the scientific organization of agricultural production in increasing yields. However, this problem is not correctly evaluated everywhere; there is still lack of clarity, lack of evaluation of studies carried out and lack of implementation of measures assigned. There also are cases showing that studies have not been completed or that they have not been completely harmonized with the given tasks. Therefore, these studies are being reviewed everywhere in order to reflect in them the proposals made during the discussions on the draft directives of the Eighth Party Congress for the Seventh Five-Year Plan. The Ministry of Agriculture, too, together with the scientific institutions under its jurisdiction, has begun to deal better with the perfection of zoning, centralization and specialization of agricultural crops at the level of the entire country and of every district.

According to preliminary studies, it is stipulated that 70 percent of the sunflowers will be sown in six districts, 95 percent of the cotton, in four districts and 50 percent of the tobacco, in three districts. There are plans to carry out further improvements in the centralization of production of field crops at the level of agricultural units and sectors which will grow not more than five or six crops; while, the brigades will grow not more than two or three crops. This will help to provide a better specialization for workers and to increase mechanization of work processes and so forth.

However, the government and economic organs in agriculture and, especially, the scientific institutions have important problems to solve /in the field of continual improvement of the structures of the varieties of each agricultural crop,/ in harmony with ecological conditions by securing elite seeds, of the first reproduction and hybrids of high productivity, resistant to diseases and with suitable technological quality. In this field, the Institute of Corn and Rice in Shkoder, the Institute for Vegetables and Potatoes in Tirana, the Institute of Agricultural Research in Lushnje and the scientific stations under their jurisdiction, in cooperation with production cadres and specialists, have done and are doing a good work to satisfy the needs of the country for seeds with great biological capacity. A very good work is also being carried out in the field of zoning and dissemination of varieties and of hybrids of various agricultural crops, in accordance with the concrete conditions of the land and climate in the districts and agricultural units. However, the requirements of the present stage of agricultural development demand a more extensive work in this field, relying on healthy scientific bases and aiming at taking into consideration the types of soil, the pre-crop conditions, the climate conditions and the sowing deadlines in determining the structure of species for each agricultural unit. This is the only way possible to assimilate the biological producing capacity of the various seeds in a complete manner.

The treatment of these problems in national aktivs, in consultations and discussions held in agricultural units has helped to increase the concern of specialists and workers to implement, in broad production, the technologies recommended by the scientific institutions. In the meantime, there are many agricultural units

which, in cooperation with the workers of the scientific institutions, are carrying out the multiplication of seeds and ensuring, according to the plan, the necessary quantity of varieties and of hybrids of agricultural crops, whose production has been increased from year to year. During this five-year plan, too, on the basis of experience gained, not only will greater quantities of seeds of various species be insured, but also noticeable improvements will be carried out in regard to their quality, adapting them better for the scientific requirements of the creation and multiplication of seeds of great productivity and with good technological quality.

To insure high yields, on the basis of the biological capacity of the seeds used in agricultural units, along with the work which is being done and which must be further improved so as to ensure the genetic base of production, better work must be carried out to improve the agrotechnology of growing bread grains and other agricultural crops so that this agrotechnology will respond to the requirements for the treatment of new species of seeds of high productivity. We stress this because there are many cases showing that, in practice, the level of services to crops and that of technologies and techniques used in their treatment is not in complete harmony with the biological requirements of the new varieties of crops which we are growing.

The guidelines of the party assign important tasks for the better satisfaction of the needs of the people and of the economy for fats, sugar, cotton and other articles because, in the conditions when the population of our country is increasing rapidly, it is stipulated that in the Seventh Five-Year Plan further improvements will be carried out to increase the per capita consumption of fats, sugar, cotton products and other agricultural products. And we must say that this will be achieved mainly by increasing yields for every hectare of land sown with industrial crops and improving production quality, by increasing, for example, the sugar content in sugarbeets tubers, the fat content in sunflower seeds, and the length of the yarn of cotton balls by improving the quality indicators of tobacco and so forth. These things will be achieved by introducing new species in production and by improving the technology of growing these crops.

The increase in vegetables and potato production in the proportions stipulated by the draft directives will be reached through the extension of the centralization of these crops in specialized agricultural units, sectors and brigades and through the increase of the areas in protected environments, the extension of drained areas, the increase of irrigation in the form of rain and so forth.

As it appeared from the public discussion on the draft directives of the Eighth Party Congress for the Seventh Five-Year Plan, a special role in increasing agricultural production and reducing production expenditures will be played by /the improvement of the level of mechanization of operations for every crop,/ a fact widely proven by practice. It is a fact that many of the agricultural brigades, sectors and units which obtain high yields and which are steadily and continually increasing their yields, have insured this success because of a higher level of mechanization of their operations in comparison with other units. This factor has positively helped them to use their material and technical base more effectively and to increase the effectiveness of all other production factors. This

is also shown by the experience of the Vrine agricultural enterprise in Sarande District where, as a result of a complex mechanization of operations and services for the corn crop, satisfying the needs of the crop on schedule and with quality, for 2 years a yield of more than 70 quintals of corn per hectare has been obtained on all the area sown with this crop and at very small cost.

However, despite the results achieved up to now in the improvement of the level of mechanization of operations and of services in agriculture, there still remains much to be done in this field. Even a general examination reveals that there are significant differences among the districts, the machine tractor stations, and the agricultural enterprises in regard to the utilization of tractors, machines and other pieces of agricultural equipment, a fact which constitutes a great reserve in regard to the improvement of the level of mechanization without investing supplementary expenditures for other machines. And, every machine tractor station and agricultural unit has the opportunity to improve the coefficient of utilization and the effectiveness of every tractor and agricultural machine, only if they profit from the experience of the best elements. However, the utilization of these possibilities requires that better organized work be carried out in regard to popularizing the measures that have led many tractor drivers and tractor brigades to fulfill and over fulfill the planned load of machine means and to schedule and execute concrete measures so as to increase the present coefficient of utilization for every tractor and agricultural machine, as is being done in many districts and agricultural units.

When concentrating our attention on the most complete utilization of tractors, machines and other basic agricultural equipment, we must never lose sight of the tasks which the party has assigned for the small-scale mechanization, using simple and very simple mechanisms. Every year, our agricultural units are supplied with simple mechanisms produced by our machine industry, mechanisms activated by animals, such as mechanisms for plowing, sowing, hoeing and for other services. As a result, the volume of work carried out by simple mechanisms has been increased; but, still, in many agricultural units these mechanisms are not used at the proper level, according to correct criteria and with great effectiveness. Good experience in this field has been gained by Korce District which has provided the necessary system of mechanisms for agricultural work for every work animal and the suitable types of carts for internal transportation service, achieving high indicators in the utilization of mechanisms and of work animals.

The draft of the Seventh Five-Year Plan stipulates important measures for the rapid development of livestock, as a very important branch of agriculture and, especially, of livestock production. /The increase of the production of milk, meat and eggs will be achieved mainly by improving the productivity per head of animal, invigorating the fodder base as the main factor for the development of livestock./

Implementing the guideline of the party--that there is no intensive agriculture without an advanced livestock sector--a number of measures have been adopted and are being implemented for increasing the number of heads of livestock and the productivity of all species of livestock, placing its development on healthy scientific bases. In the struggle against erroneous trends and practices of unilateral development, in regard to some livestock species, now in all agricultural

units there is a livestock structure in which, beside sheep and goats which have developed traditionally in our country, cattle, pigs and poultry have taken on great proportions and are becoming more and more important in livestock production, in accordance with the concrete conditions of every agricultural unit, area and district. Great investments have been made and are being made for the improvement of livestock breeding, achieving noticeable results in this field. The increase of investments for the land for the mechanization of agricultural works, for irrigation and for fertilizing helps, at the same time, to invigorate the livestock fodder base.

What attracts attention in the draft directives of the Eighth Party Congress for the Seventh Five-Year Plan is the fact that the increase of livestock production will be implemented mainly through the increase of production per head of animal. This will be realized through the invigoration of fodder base and the creation of massive herds with high productivity and through the measures scheduled to be taken to improve the conditions of the administration, treatment, and feeding of animals and poultry, by means of fodder processing, by constructing lines and plants with advanced technology for the production of balanced fodder for the various species and categories of animals and poultry. Large investments are also earmarked for setting up livestock complexes for cattle, pigs, poultry and lambs.

As a result of the measures adopted and of those to be adopted for the improvement of livestock breeding, it is expected that at the end of the five-year plan the number of thoroughbred and improved breed cows will be about 90 percent of the total number and the number of thoroughbred and improved breed sheep will be 80 percent. Conditions are being created for the scientific administration of the herds of animals belonging to the families of the members of cooperatives; this part of livestock constitutes a great national resource.

However, without denying the successes we have achieved, the material and technical base of livestock is not being utilized everywhere with complete effectiveness. In some districts, as a result of undervaluations and of an uncompleted work observed in regard to fodder crops and to livestock in general, the yields from animals is far from the possibilities and capacities they have for production. In some agricultural units the costs of livestock products, especially the cost of meat products, is still high. As the public discussions on the draft directives showed, if some agricultural units do not fulfill the plan tasks for livestock products, this happens because there still exists a kind of disharmony between the level of breeding improvement and the biological producing potential of animals, on the one hand, and the level of ensuring the fodder base and the scientific treatment of the feeding of animals, on the other hand. It happens that some agricultural cooperatives obtain low yields in livestock production because they do not work with the same intensity for increasing the number of animals and improving their breed as for insuring the fodder base for livestock, a fact which has led to the reduction of the effectiveness of the social labor spent in the livestock sphere and of the investments carried out for building stables, improving breeds, training specialists and so forth. While, progressive experience shows that in those agricultural units, such as the agricultural enterprises in Berat, Lezhe, Lushnje and Korce and the agricultural cooperatives in Bucimas, Kemishtaj, Lekaj and in other places, where measures for the developing livestock

and increasing livestock production are evaluated in their entirety, the effectiveness of the use of the material and technical base has been great and livestock production has continually been increasing, at lower costs.

The increase of livestock production in the proportions stipulated in the draft directives requires a better understanding and evaluation of the tasks for the intensive development of livestock. To reach targets in livestock, among other things, particular importance is being devoted to the construction of livestock complexes and some other units which support the numerical development of animals and their breeding improvement and the invigoration of their fodder base, using new technologies in the administration of animals and in feeding them. On the basis of studies carried out, there are plans to construct 26 livestock complexes which will provide 18-20 percent of the meat and 55 percent of the eggs. The work on their construction began a long time ago and some of them have already started their production. The technology of the administration of animals in these complexes is an advanced one. In these complexes almost all the main processes are carried out in a mechanized manner and the technological parameters and indicators of the microclimate, such as temperature, light, air and so forth are controllable and some of them are automatic.

As it is stressed in the draft directives, in order to realize productivity per head of animal in livestock, priority is given to the rapid increase of the fodder base and to its best utilization. As a result of the measures adopted this year, the area sown with fodder crops has been increased and, in addition to other things, efforts are being made to provide about twice as much silage, as last year, where an important role is played by corn silage in the second stage of ripening. Seeing the providing of the fodder base as a decisive link for livestock development and for ensuring the necessary quantity of fodder for livestock, especially, in the conditions of the herding of animals belonging to the families of the members of cooperatives, organizational and agrotechnological measures are being taken to obtain, from fodder crops, production yields 2-3 times higher than those obtained up to now. More attention is being devoted to increasing the productivity and capacity of grasslands and to the collection and processing of all by-products of agricultural crops which will be used as livestock fodder in order to increase the reserves of fodder base. However, in order to insure the greatest stability in livestock products, priority will be given to high productivity fodder crops, such as alfalfa, corn and sorghum of meadows from which, through the implementation of high technology, an average of more than 70 fodder units per hectare will be yielded. In the present conditions, a particular importance will be given to the construction of some special plants for the processing of fodder and of the by-products of agriculture and industry, which will increase the reserves of fodder base for livestock, will elevate the use of coarse fodder food to a higher level and, on the basis of improved technology of their consumption in a combined manner with the other kinds of fodder, will provide the animals with fodder balanced in quantity and quality.

The achievement of the targets assigned by the draft directives of the Eighth Party Congress for the Seventh Five-Year Plan in the field of agriculture requires evaluation and implementation with strict discipline of study data, of scientific research work and progressive experience in order to elevate the

effectiveness of work in general and the investments already invested and to be invested in agriculture.

The tasks assigned for the development of agriculture in this five-year plan can be executed. Their execution relies, first of all, on the mobilization of the agricultural workers to utilize, with great effectiveness, all the material and financial resources which the party has put at the disposal of agriculture. Therefore, let us further elevate the great spirit of optimism, of readiness and of mobilization, which characterized the discussions of the draft directives, for the fulfillment and overfulfillment of the tasks assigned to us.

9150

CSO: 2100/38

VALUE ANALYSIS REINSTATED AS ECONOMY MEASURE

Prague HOSPODARSKE NOVINY in Czech 22 Jan 82 p 7

[Article by Eng Vladimir Duchek, PAL [Instrument and Accessory Industry for Aircraft and Automobiles] Kbely and Docent Eng Radim Vlcek, CSc, Advanced School of Economics, Prague: "Value Analysis Reinstated"]

[Text] Value analysis has been known for a long time and is a time-tested tool by means of which the optimum quality and proper functioning of products is achieved at reduced production costs. The design and management workers in a number of our enterprises have already realized this. Many years ago, virtually since 1965, steps were taken to introduce value analysis and use it permanently. However, this method met the same fate in the considerable number of progressive enterprises. After a short period of admiration and enthusiasm for value analysis, problems and difficulties began to arise in its application. This article describes how it was and is in PAL Kbely enterprise.

Value analysis can reveal the possibilities of considerably reducing material consumption as well as laboriousness, while maintaining or even increasing the quality and functional reliability of products. A 20-40 percent reduction of production costs represented frequently the above-average results achieved by value-analysis teams. The reduction of production costs by 60 percent or more was by no means exceptional, although quality and functional reliability remained the same. But at a time when enterprises worried about the fulfillment of gross production or commodity production plans, this activity began to be regarded as secondary and was eventually discontinued.

Why Was Value Analysis Discontinued?

Due to the planning mechanism and methods of pricing at the time, it often happened that value analysis actually harmed the interests of enterprises which were predominantly set to meet the quantitative indicators of gross production. It happened occasionally that a radical reduction of production costs exceeding the planned rate, a reduction which was achieved by means of the value analysis, resulted in the revision of wholesale price of the respective product.

This was ultimately reflected in the reduction of gross and commodity production, and the enterprise began to worry about complying with the indicators in which it was financially interested. It began to encounter problems because it reduced the prices of products in a socially desirable way, while its plan targets remained unchanged.

Labor productivity calculated on the basis of the commodity production indicator "declined" in such an enterprise, although it continued to produce the same and sometimes even bigger quantity of goods, but at lower prices. This led to extreme situations in which the enterprises observed the well-known rule: the more expensive, the better. What actually was the problem? The virtual discrepancy between the value and use value. It was a discrepancy which continued to increase due to the active effect of scientific-technical progress in production or in other words to the practical application of scientific and technological achievements.

Under such circumstances, value analysis must have appeared as something far removed from the enterprise interest, something from which the enterprise could not benefit. This was the general tendency which, however, did not rule out the sensitive application of value analysis in the solution of those problems of an intensive nature which gradually reasserted themselves in economic development. This explains also the reason why this method--such an explicitly intensification tool--existed in the economy with the still noticeable and prevailing features of extensive development.

Moreover, it existed in a model of economic management which was based predominantly on the indicators taking into account only the value aspect of social production. Despite all effort exerted by the state, such a model could not rationally record the key, socially positive changes in the area of use values and was, therefore, a favorable climate for the above-mentioned discrepancy between values and use values. Particularly by its qualitative plan indicators, the "Set of Measures" embarked on the road toward the alleviation and gradual elimination of this discrepancy.

All this was generally true also of the PAL Kbely enterprise which organized courses in value analysis for its workers in 1972 and thus made the first step toward its introduction. At the beginning, it seemed that there were no obstacles to making value analysis a permanent tool for increasing enterprise efficiency.

This impression must have been gained by everybody who attended the courses or came into contact with the participants after their training was finished. Steps were taken to put value analysis into effect immediately. In the course of 2 years, value analysis helped complete and introduce standardization of the size of liquid switches, which not only simplified and shortened the preproduction stages for these products, but also--due to mass production--reduced their cost for consumers.

It became clear even during the first 2 years of application of value analysis at PAL Kbely, however, that those 30 trained workers were not enough for innovation purposes on the basis of value analysis. Moreover, there was no managing and methodological center which could direct and further develop the

application of value analysis. The management of PAL Kbely enterprise then had to deal with more urgent problems related to the fulfillment of the gross and commodity production plan, and was not very interested in the fate of the method which could substantially affect the required quality and efficiency of production.

Why Was Value Analysis Reinstated Again?

Although there was no lack of zest and enthusiasm among the few workers when value analysis was first applied at the Pal enterprise in Kbely, the enterprise management failed to back it up and assume responsibility for the method guaranteed by the department or at least by the authorized worker. It seems that nobody in the enterprise management felt like doing this, which was absolutely indispensable if the method was to be successful and permanently used. In other words, the necessary motive and economic pressure was simply lacking. That pressure which due to the gradual application of the "Set of Measures" is beginning to appear in the form of the necessary increase in quality and technical progressiveness of products, not only at unchanged, but often at lower production costs.

For this reason, during the preparation for the conditions created by the "Set of Measures," value analysis was reinstated at PAL Kbely 2 years ago. A center for on-the-job training was established, where the necessary number of experts were trained. It is clear from the above that they, in one of the few enterprises so far, began to develop a well-rounded, comprehensive system of management of product innovation and modernization changes in production by means of value analysis. The utilization of this method first as a management tool--the analysis of production costs and functional reliability of products--and the application of the same method later as a tool for product innovation proved to be an economy measure. The analysis of product cost and functional reliability revealed some new facts on efficiency and inefficiency of products.

On the basis of these findings, the enterprise subjected to value analysis particularly products with a high percentage of material costs and inferior performance. Within the State Target Program 03--Reduction of Metal Consumption during the Seventh Five-Year Plan--the windshield wiper for cars was selected for value analysis since some materials required for their production, particularly stainless steels, are in short supply.

A team of technicians, economists and blue-collar workers succeeded in developing, by means of value analysis, a new design of windshield wipers with an almost 25 percent reduction of production, particularly of labor and materials, costs. The samples are being tested now.

Another example of the use of value analysis was the establishment of the team for redesigning the lever drive of windshield wipers. The results are very encouraging. The adoption of some of proposed variants may result in as much as 15 percent reduction of their production costs.

Due to its past experiences, the PAL Kbely enterprise now participates in the value-analysis experiment which has been organized, on the initiative of the Government Committee for Planned Management of the National Economy, by the

Central Technical Section of Value Engineering of CSVTS [Czechoslovak Scientific and Technological Society]. The purpose of this experiment in value analysis, in which approximately 20 VJH [economic production units] and enterprise participate, is to work out in more detail those sections of the "Set of Measures" which concern qualitative plan indicators. It is to further develop those management tools and incentives which will promote increased active participation of workers in management and their rationalization and modernization activities stimulated by value analysis. This should lead to the more effective utilization of intensification elements in the development of our economy. Those elements which should contribute to further alleviation of the above-mentioned discrepancy between value and use value.

10501

CSO: 2400/146

DEBTS TO WEST SEEN LIMITING ECONOMIC GROWTH

Zurich NEUE ZUERCHER ZEITUNG in German 18 Feb 82 pp 11-12

/Article by 'oo': "The GDR as Conversion Candidate? Doubts About the High Economic Growth Rate"/

/Text/ In view of the strong economic growth resulting in large imports, the GDR has been compelled to run up large debts to the West in recent years: The loans outstanding amount to around \$10 billion. The country is also in the red with the USSR. When we consider the accumulation of loans maturing this year, the GDR may well have difficulties in meeting all payment obligations without conversion. On the plus side, though, we must note that the country is still getting loans, so that conversion may not be absolutely necessary. Some Western experts continue to have a good deal of confidence in the GDR economy. The lack of data in East German statistics, on the other hand, allows little insight in that economy, and this encourages speculations about the actual situation.

Insufficient Exports

In recent years the GDR has not succeeded in translating its respectable economic growth into a strong rise in exports, something which would considerably reduce the balance of trade deficit and now allow the debt to increase even further. Though, by comparison with the other CEMA countries the GDR boasts an efficient economy, it is not able to earn the high interest payments by way of exports, because the quality of its products is not good enough.

Last year the country achieved a 5 percent growth in the produced national income. This represents an advance compared with the 1976-1980 Five-Year Plan. The GDR is the only CEMA country not to have reduced its economic growth in recent years. Unfortunately this resulted in increased imports and rising debts. In its report the German Institute for Economic Research (DIW) emphasizes that the great growth of the GDR suggests the question whether such a development is plausible in view of the recognizable trends of production factors. East Berlin's own reporting practice contributes a good deal to such skepticism: In many respects it is full of holes and supplies figures that cannot be directly compared with the data of the economic plans and the official statistics; indeed in some cases they directly contradict them. In this connection some Western experts point out that the Polish Solidarity trade union discovered Polish statistics to have been deliberately manipulated by the Warsaw Government in order to present a more favorable image of the economic situation.

Indicators of Economic Development (to some extent estimated)

	1976-1980 Actual Results	1981-1985 Plan	1981 Plan	1981 Actual Results	1982 Plan
Produced national income	4.1	5.1	5.0	5.0	4.8
Industrial goods production	4.7	5.1	5.1	5.1	6.4
Agriculture	0.3	2.1 - 2.3	- 1.0	0.7	-
Total investments	5.2	- 0.3	-	2	-
Retail turnover	4.1	3.7	4.0	2.5	4.8

Uncertain Situation in the Investment Sector

The official figures reported by East Berlin for investments are quite enough to muddy the image. The DIW researchers estimate that the real growth rate of investments for the total economy amounted to about 2 percent in 1981. However, a serious decline in the rate of construction investments was recorded--26 percent following 30.5 percent the previous year. This signifies a remarkable shift in investment expenditure: Construction investments may be assumed to have dropped by about 10 percent; equipment investments, on the other hand, rose by roughly 10 percent. The weak development of domestic investments and the decline in the investment rates is therefore greater than would be assumed at first glance. Success has also been achieved in stimulating rationalization investments, in the past the Achilles heel of the GDR.

At the same time the decisionmaking about investments is strongly centralized: Investment projects exceeding M5 million are subject to checks by the competent minister and the State Planning Commission; local organs are competent for smaller projects. The combines decisionmaking authority is thus strictly limited.

Expansion investments were mainly recorded in the coal and energy sectors, also in the chemical and metallurgical industries. It is part of the new strategy, though, to raise the efficiency of existing plants by modernization. Renewal processes are to be initiated not by way of replacement but by reequipment. While this may not be the most efficient way in every case, it seems initially to have been quite successful.

The organizational factor also has had some impact. Combine establishment signified the better organization of production, greater coordination of component supplies and, especially, the integration of research and production. It has therefore yielded growth promoting impulses. It should not be overlooked, though, that economic growth also involves better individual performance. The DIW experts in West Berlin assume that there has been some success in improving the willingness to perform.

1982--Key Year

Despite the strong economic growth the GDR managed in 1981 to keep primary energy consumption steady. The official plan fulfillment report proudly notes a decline in heating oil consumption by 15 percent and of hard coal consumption by roughly a third; this amounts to about 1.3 million tons heating oil and 2 million tons hard coal less than in 1980. However, the reduction in the consumption of heating oil is only in part due to conservation: Mainly involved seem to be the effects of a restructuring--in the past 2 years several power and heating plants have been converted from oil to the use of raw brown coal.

It must be remembered also that it is easy for the GDR to achieve some success in conservation, because the country's specific consumption is extremely high: In 1981 7.6 tons per capita of hard coal units (SKE) compared to 6.0 tons in the FRG. As the GDR's national product is well below that of the FRG, energy use in East Germany should in fact be proportionately lower, not higher.

In 1981 industrial output grew by 5.1 percent. The original plan targets were not met in four sectors--chemicals, general machine construction, glass and ceramics and Bezirk managed food industry. The plans were exceeded in other industries. According to the DIW report the construction industry built or modernized 185,000 housing units, almost 10 percent more than in 1980. On the other hand the GDR leadership was less than satisfied with the results achieved in farming.

The standard of living generally stagnated: Nominal net cash incomes rose by 3.3 percent in 1981 (plan: 4 percent). Net wages and salaries increased by 4 percent. Retail turnover grew by only 2.5 percent, the smallest growth in many years. If we take into account the higher prices for better quality goods, real private consumption must be assumed to have barely risen in 1981.

In 1981 subsidies for the maintenance of stable consumer prices of essential goods and fares rose by 17 percent to a noteworthy M19.8 billion. They were designed to offset for the consumers those price increases arising for various industrial goods and, especially, foods, in the course of the "planned price rise" at enterprise level. Subsidies to the housing system grew by 10 percent to M7.4 billion.

The development of produced and domestically used national income shows that the GDR economic leadership pursued in 1981 with particular emphasis a strategy of reducing foreign trade burdens. The produced national income expanded by about 5 percent, domestic consumption by only 1-2 percent. Obviously increased has the share of production growth earmarked for exports. As usual, though, the plan fulfillment report is particularly reticent on the topic foreign trade; it reports only a 10 percent growth in foreign trade turnover (compared with 16 percent the previous year).

1982 plan targets are set somewhat lower. In the opinion of the GDR leadership the current year is a key year for the realization of the total 1981-1985 Five-Year Plan.

TRAINING OF PILOTS FOR LOT DISCUSSED

Warsaw SKRZYDLATA POLSKA in Polish No 51-52, 20-27 Dec 81 p8

[Roundtable discussion with Docent Dr Adam Borowski, Dr Tadeusz Knap, Director of the Aviation Institute, and Dr Andrzej Tomczyk, on the subject of their views concerning the training of engineer pilots, at the headquarters of the Aviation Institute, Rzeszow Technical University, by Tadeusz Malinowski: "The Training of Engineer Pilots"]

[Text] [Question] Our meeting is taking place during a period when there are still opposing views concerning the training of civilian professional pilots, especially for the needs of LOT Polish Air Lines. There is a view held by many pilots that in order to fly professionally all one needs is to handle the control wheel or stick well. Although at one time a pilot's manual skills were the sole determinant of his suitability in aviation, now such skills are no longer considered to be the most important.

[Dr Andrzej Tomczyk] Views differ on the subject of training, but we must remember that as aeronautical engineering develops, requirements increase for all those who use aircraft, especially pilots. High demands are made of them. Abroad pilot training tends to become more and more technical, and it is geared more to technology, to logical thinking, and to the overall knowledge of the pilot than merely to manual skills. Docent Borowski had the opportunity to acquaint himself with various pilot training facilities abroad, including those in Japan. For example, the Japanese told him that they consider a pilot's skills to be 10 percent manual and 90 percent familiarity with the aircraft and all sorts of traffic and technical issues which go together to pilot the aircraft...

[Doc Dr Adam Borowski]... and also skill in making a decision based on the familiarity with the technical aspects.

[Dr Tomczyk] All these issues lie at the foundation of the assumption that it is not enough to provide mere flight training like the air clubs provide, for example, the sort which instills certain pilot skills. What is lacking in it is the general aeronautical and technical preparation which should be expected from the future airline transport pilot. Various flight training theories are used abroad. Within our group there has developed the concept of linking technical higher education to the acquisition of professional

pilot qualifications. A college diploma is not required of a pilot everywhere, although this requirement is common enough, for example, in the Soviet Union, Japan, the United States, and other countries, in which flight academies have the standing of institutions of higher education.

[Dr Borowski] In the training centers for English transport pilots no formal university studies are conducted, but it is worthwhile to look at what they do in the course of this training, what their recruiting is like, and what disqualifies them. What disqualifies them is not some sort of lack of manual dexterity but, above all, mathematics. When we take a look at their training curriculum, we come to the conclusion that he is also an engineer, without being called one.

[Dr Tadeusz Knap] You have to also remember that in our country the distinction is very rigid: secondary education and higher education. In the western countries, on the other hand, the system of training is differentiated.

[Dr Borowski] There they have something like a College. Nobody knows what it is, whether it is a good post-secondary college preparatory or a low-quality university.

[Dr Tomczyk] In the pilot's profession, along with the acquired skills: the general technical, flight, and piloting skills, you also need independence and responsibility...

[Dr Borowski] The studies require a certain way of being, and thinking characteristic of people with a college degree. Of course I have in mind not only those people who have the course credits and have taken the examinations but also those who have spent the time at that age in an academic environment. This very fact itself changes a person.

[Dr Knap] It simply develops the person.

[Dr Borowski] One of the reasons LOT began to look for a partner to cooperate in the training of pilots with college degrees was the fact that they wanted to have captains under 50 years of age. The training cycle in our country has meant that the pilot came to LOT at about 40 years of age, more or less. I may be exaggerating a bit when I say that from the day a pilot is hired the management of LOT worries about when he will lose his medical. Our engineer pilot, according to our calculations, has the chance of making it to the left seat [that of pilot-in-command, or captain] by age 30-35, in the target type, of course. He will make it in the first type several years earlier.

[Question] This is a great advantage, because this sort of extends the lifetime of the pilot at LOT by at least 10 years, if not more. We should expect it to be more profitable for LOT to train a young engineer pilot aged 22-23 years following graduation from Rzeszow Technical University than to train two or three pilots 35-42 years of age without a college diploma.

[Dr Borowski] Views on the subject of the captain's age are divided. At some of the airlines, and this includes the most important ones, it is thought that on the heavies (Jumbo Jets, Boeing, DC-10s, and so on) the captain must be older, experienced. He simply cannot be a man of 28-30 years old. In Japan, for example, they put a technical university graduate into an aircraft for 7 years as a flight engineer. Then he flies for a few years as a first officer [second pilot]. He finally becomes a captain. The period he flies as first officer there is not clearly specified. When Americans fly the heavies, the whole crew looks like scouts except for the captain of the ship, who is already an old man. Of course he does not start to fly on the airlines, as in our country, at the age of about 40, but he does not get put into the left seat much earlier. And so we have two examples. The first, a pilot who we might say is at the peak of his psychophysical condition is already flying in the left seat. In the second, the pilot should have a little ordinary life experience, a sense of responsibility.

[Question] Is it not a waste of time to cart around a pilot as a flight engineer for 7 years?

[Dr Borowski] I had similar doubts. I asked the Japanese the same question. They asked me whether I was a pilot. I told them that I had only flown gliders at one time. Very good. They sat me down for an hour in an original Jumbo Jet simulator. I flew a little. Then they asked me whether it was so difficult. I botched a little of it, but how much would you have to be taught as somebody right off the street in order to be able to handle the control wheel? After all, it is very simple. If you were to get some training from time to time, it would be quite enough. On the other hand, the aircraft are very complicated. Let us assume that there is some incident or emergency and the pilot has to make a decision. After all, the pilot needs more than mere manual skills. He makes the decision solely on the basis of technical information gained from the other members of the crew of the aircraft. The future captain (of course from time to time he also sits at the controls of the airplane) is endlessly getting experience through many years' observation from the position of flight engineer watching the crew at work, especially the pilot-in-command, the captain.

[Question] How did they work out this model for themselves?

[Dr Borowski] The Japanese use the three-pilot model: the pilot-in-command, (or captain), the first officer (or second pilot), and the flight engineer.

[Dr Tomczyk] I think we are taking too one-sided a look at the matter, as solely a pilot problem. After all, we are dealing not only with the pilot but with the entire crew.

[Dr Borowski] For a short time the Japanese also send the future pilot to the business department, and this is solely to learn how to deal with people. The Japanese do not consider this a waste of time.

[Dr Tomczyk] As LOT gathers experience from the preliminary courses it has organized, it is astonished at the low level of many pilots in these courses. Pilots with a great deal of experience also apply. In this connection the level of the course should be averaged. It cannot be high. On the other hand LOT has what is called "automatic advancement." There simply comes the specified time, and then the first officer becomes a captain (first pilot). Therefore the level of certain captains is not the greatest. Actually, such a captain should not fly without a good first officer. In our talks LOT expressed the view that airline candidates should be on more or less an even level.

[Dr Borowski] The profession of the pilot is one of those professions which one can cease to exercise from one day to the next for various reasons. We think that a pilot with a post-secondary aviation diploma (even with a pilot specialization) has a second profession at the same time. He simply does not drop out of aviation. He can continue to work in it. He can be employed at various positions in aviation.

[Question] Thank you gentlemen for meeting with us. I would like to invite you to another discussion on the subject of youth already in college, of recruiting for pilot specialties, and of experience stemming from past work in instruction.

10790

CSO: 2600/382

APPLICATION OF ECONOMIC EFFICIENCY MEASURES IN INDUSTRY

Bucharest ERA SOCIALISTA in Romanian No 23, 5 Dec 81

[Article by Dr Gh. Sica]

[Text] In the current international economic context, when the evolution of prices for certain raw materials and materials as well as for technological equipment is rather sustained, when interest in credit operations has taken on alarming proportion when the monetary and financial-currency system has deteriorated and when inflationary processes are besetting the national economies, one of the few healthy alternatives which can counterpose this kind of situation is the increase in economic efficiency in the area of material production. Truly, the saving of social labor, growth in labor productivity, reduction in costs per unit of product--endogenous components of economic efficiency--can represent a firm and effective answer to the current international economic context.

As we see from recent speeches by Comrade Nicolae Ceausescu at meetings of the supreme party and state forums and of our socialist democracy, it is necessary more than ever to promote the intensive factors in social-economic development firmly and on a broad front and to fully satisfy the requirements of the increase in economic efficiency with a high spirit of responsibility so that the maximum results can be obtained from the production assets advanced by society.

The Indicators of Efficiency and Economic Practice

In a general acceptance, economic efficiency is the expression of the ratio between useful effect and expenses for obtaining it, in other words, the expression of the ratio between results and the effort made by society. The greater the effect achieved per unit of expense or, inversely, the smaller the expense incurred by production of a certain useful effect, the higher the efficiency.

In our socialist system, the determination and continual growth in efficiency is of primary importance, with society being deeply concerned with the most efficient possible utilization of material, financial and human resources it has available with a view to social-economic progress. For that reason, each decision must be substantiated in conformity with the requirements for economic efficiency in carrying out the technical-economic processes in enterprises and centrals. This means a solid knowledge of the volume and structure of production factors which participate in the particular process with the goal of maximizing the results.

Taking in an immense variety of aspects of economic activity, efficiency cannot be judged according to a single indicator but according to a large number of indicators such as the level of production costs and of material expenses per unit of product, the level of labor productivity, the rate of profitability, the net income per 1,000 lei of production capital, the net production per 1,000 lei of fixed capital, the profit per 1,000 lei of fixed capital and so forth. These indicators measure in particular the efficiency in the micro-economy, that is, the base units, since efficiency at the macroeconomic level can be judged according to other indicators such as, for example, the rise in national income per worker, the rise in national income per unit of investment, the net efficiency of fixed capital, the correlation between growth in labor productivity and increase in fixed capital and so forth.

Clearly, depending on the specific nature of technical-economic processes (production, investments, foreign trade, scientific research), appeal is made to adequate indicators in order to investigate efficiency. In our opinion, the indicator in production which expresses best the results-effort ratio is the "net income per 1,000 lei assets of average production" (fixed and circulating).

Whereas we distinguish an "immediate efficiency" and a "future efficiency" with regard to calculations of efficiency in relationship to the period of time to which we are referring, from the viewpoint of the scale of economic processes, we note an "efficiency at the microeconomic level" as well as an "efficiency at the macroeconomic level." In this stage, the emphasis must be placed particularly on immediate efficiency and at the microeconomic level, since in this way the necessary impetus also is given for future and macroeconomic efficiency.

The contradictions which can be demonstrated between various forms of efficiency (macro- and microeconomic, current and long-term) can be eliminated when production and delivery prices are judiciously placed on the scale of values of usage according to the principle of "equal price for equal useful effect." From here we have the need for a systematic observation of the price-quality relationship, for systematically bringing production and delivery prices up to date in order judiciously to reflect the consumptions of social labor and the principal correlations established at the world level between various values of usage.

Acting on each job to reduce material costs and expenses and to block any channels of waste and to strengthen discipline and increase labor productivity, at the same time we are taking action to increase economic efficiency.

The recent five-year plans have been characterized by continued intensification of concerns with increasing the economic efficiency of all branches of material production with a view to providing the necessary resources for the social-economic progress of Romania and for fulfillment of the party's program to create the multilaterally developed socialist society under the best possible conditions.

In the preceding five-year plan, for example, the average annual growth rate of the national income (7.2 percent) exceeded that of social product (6.9 percent) as a result of reduction in the share of material expenses. Clearly this was obtained mainly through broad promotion of technical progress in the production units; on the basis of the large investments made, the average value of fixed assets rose at an average annual rate of around 8 percent. The volume of savings

achieved in the last five-year plan due to reducing production costs was more than 120 billion lei for the national economy as a whole. Progress was made in reducing material consumption, in utilization of recoverable materials and in more rational use of fuels and energy. Emphasis was placed on the degree of processing and utilization of raw materials and materials and concern rose for intensive use of production capabilities and for utilization of the economic, financial and human potential with maximum results.

As an overall evaluation one may say that in past years the problems of saving social labor entered more into the field of observation of the decision-making factors in the economic units, centrals and ministries. Despite the positive results obtained, some aspects of economic efficiency were neglected, particularly in the production and profits obtained per 1,000 lei of fixed assets; some production capabilities were not used completely; enterprises existed, ones which ended their activity with losses or which manufactured products at a loss. The qualitative aspects of the economic processes were not always in the center of attention of the workers councils. These negative phenomena were the subject of serious critical analyses in the party, state and public forums which recently met, establishing measures to eliminate them and raise activity to the higher levels of efficiency in light of Comrade Nicolae Ceausescu's indications.

Knowledge of the effort made by society in a material production process is a basic requirement, elementary to the concept of efficiency. The procedure of the industrial centrals for drugs, cosmetics, dyes and paints was a judicious one; together with applying the new economic-financial mechanism, it found it necessary for the first action to be that of instructing all the decision-making factors in the enterprises to have knowledge of the volume and structure of production assets (fixed and circulating) which participate in the technical-economic processes and, of course, the results obtained from these assets.

Unfortunately, currently one still encounters decision-making factors in the enterprises who do not know the value of the production assets they are managing. There are many situations where the decisions are not substantiated on the criterion on economic efficiency. Some industrial centrals do not attentively follow the evolution of costs per product, do not systematically bring up to date the plan calculations of the costs per product with the new elements intervening. This is the case of the industrial central for technical and chemical equipment and refineries and of the central for the wool industry and others.

A basic problem connected with the way in which we understand how to satisfy the requirements of the economic efficiency is that of not "working" with this concept by following the flow of the technical-economic processes but, rather preventively, in other words, not launching decisions until the implications for efficiency are known. In a number of places the aspects of economic efficiency are shifted toward the records sector (of the head accountant) who can furnish data for the past and with great delay; under such circumstances, appropriate and effective measures cannot be taken in all cases to prevent defects. The need is becoming more and more stringent to move to developed methods of calculation and record-keeping of costs (the method of standard costs, the method of direct standard costs, the method of hour-machine costs and so forth) as well as the spirit of responsibility for the level of costs toward the technical and production sectors. The experience of some economic units such as the Arad

train car enterprises and Sibiu's Flamura Rosie enterprise is graphic; in their calculations of plan and records of the costs they use the method of normed costs, which is capable of effectively following the deviations from the standards of expenses established for each job and of efficiently informing the decision-making factors to eliminate the shortcomings in good time.

Taking into account that the head accountant can only intervene in an enterprise efficiently for 5 percent of the volume of production expenses and administrative-management expenses, while 95 percent of the expenses are incurred by the technical and production sectors, we are of the opinion that the possibility deserves to be studied for the cost departments to move under the head engineer or plan services, thus, directly under the director.

The economic efficiency must work in practical activity with both current measures and, particularly, with future measures, with measures prepared in time to obtain certain economic effects in the near or further future. However, we observe that in many enterprises and centrals, under pressure of current problems, the future measures are neglected and eventually when they are adopted they are not sought systematically. The lack of concrete and lasting actions in the area of reducing material costs and expenses per unit of product, the position to come out in agreement with the requirements of efficiency in words alone and not in acts, the assertion that efficiency is found in others and not in one's own technical-economic processes--all these denote a mentality which does not fit into the line of respecting the objective economic laws which act in socialism.

The tendency of some producers to unjustifiably inflate prices for industrial equipment is proving harmful and this causes supplemental costs in production for the beneficiaries through amortization. So the Bucharest enterprises for machinery and aggregates, inflating the prior calculations, requested a price for the "machine-special aggregate for shaping and threading" which was 28.4 percent higher than the normal result from the analysis of technical-economic parameters. If this price had been approved, the Roman pipe enterprise, which was the beneficiary of this industrial equipment, would have loaded the cost of products in the amortization period for the particular equipment by nearly 4 million lei. Such situations not only unjustifiably load the beneficiaries' costs but exercise undesired pressure on the general level of the country's prices.

Goals and Directions of Action

A problem which must be considered in the current stage is that any economic unit or any kind of unit, regardless of its volume of activity, should be included under indicators of efficiency, either through the single national plan or through the departmental plan. The basic criterion for establishing these tasks should be the rise in the particular unit's contribution to the process of creating the national income or at least maintenance of this contribution as well as amplification of the effort to increase labor productivity and reduce production costs or circulating expenses, according to the case.

The concept of efficiency to the highest degree involves saving social labor. Undoubtedly, net production is a much more expressive indicator than total production in the system of indicators with which we characterize economic processes and the introduction of it into the planning and measuring of economic

activity has been a forward step along the path of improving our economic and financial mechanism. But the requirements of objective economic laws for speeding up the money-goods-money circuit can be satisfied if more attention in the economic units is given to the indicator of "production-good sold and received." This indicator stimulates the speed-up of rotation of production assets, reflects the satisfying of the social consumption need and answers the principle of worker self-management and self-leadership and, in the end, "deciphers" the obstacles along the path of speeding up broadened socialist reproduction.

Under the conditions of a hard and decisive exam which our enterprises must take with the intensive factors of development, the increase in competitiveness of Romanian products is one of the basic tasks. Understanding by competitiveness the product's ability to resist any competition and the struggle to improve its technical-economic parameters, it is clear that it is a matter of obtaining performances which are gained with difficulty and can easily be lost if the battle for competitiveness is not sustained and permanent.

Broad promotion of technical progress and the rise in the quality level of production, extending of complex mechanization, rise in the degree of technical supply of the jobs, automation and cybernetization of certain production processes, improvement in vocational training of the labor force are factors which aim at a sustained growth in labor productivity during the current period. In accordance with the forecasts, labor productivity in industry should increase in the five-year plan at an average annual rate of 7 percent, while it should be 5.4 percent in the construction-assembly sector. Around 80 percent of the rise in national income and around 75 percent of the rise in net production are to be obtained from labor productivity.

Under the conditions of moving to the application of the second stage in reducing the work week, hourly labor productivity must also increase more, with the goal of obtaining the planned production with a smaller fund of time each week. For example, the working time consumed per unit of reference (ton, cubic meter, piece and so forth) must be reduced 22.5 percent for lignite and brown coal extracted underground, 30.8 percent for converted steel, 12.6 percent for tractors of the 45-CP class, 27 percent for products processed from polyethylene, 19.2 percent for timber from resinous trees, 44.6 percent for processed sugar beet and so forth.

The basic factor in increasing labor productivity is the intense promotion of technical progress. Overall this is reflected in a 40-percent increase in the degree of technical supply of labor, expressed by the value of production fixed assets per person employed in industry. In equal measure, technical progress must insure the harmonious development of agriculture, a rise in the volume of agricultural products and their quality, increase in efficiency through increasing the productivity per animal and average per hectare production. Of course, energetic measures are needed in all economic sector to improve the organization of production and work and to strengthen order and discipline, also in this way providing the necessary impetus for increasing labor productivity.

Reduction in production costs forecast for this five-year plan is based mainly on strict rationalization of the consumption of raw materials, materials and

energy, on increasing the output and degree of utilization of raw materials and materials, optimization of the structure of production, improvement in indicators of utilization of industrial and transportation equipment, and, in the end, on insuring maximum efficiency of the production assets and labor resources with which the enterprises and centrals are supplied. By reducing production costs for the economy as a whole, it is estimated that a volume of savings of more than 250 billion lei will be achieved, of which more than 200 billion are in the national industry. Production costs are to be reduced 8.2 percent in national industry by 1985 compared with 1980, by 12.5 percent for state agricultural enterprises, 5.7 percent in construction-assembly and 5.1 percent in transportation.

Bearing in mind that material expenses in many industrial branches represent 70-85 percent of production costs (the chemical industry, machine construction, metallurgy, construction materials, metallurgy, construction materials, light and food industry), it is necessary for the enterprises and centrals to seek on a priority basis to reduce the specific consumption of raw materials, materials, fuels and energy in all ways and to emphasize the processes for superior utilization of them. At the same time, taking into account the high share of expenses with amortization, the repairs and maintenance of fixed assets in total production costs (especially in the energy, extraction, metallurgical, machine construction, construction materials and wood processing industries as well as in transportation), special attention must be given to utilization of all fixed assets in the supply at full capacity and rise in the quality of capital and current repairs.

An important source of savings is rationalization of expenses of the production and general sections and the administrative sections of the enterprises, elimination of any losses, rise in efficiency of transportation, reduction in expenses connected with material-technical supply and sale of the products.

In the current five-year plan, a special stress must be placed on increasing the economic efficiency of investments. In this regard, measures are needed which will insure compensation for the growth in specific investments in the extraction and energy industry as a result of the more difficult exploitation conditions, by obtaining high efficiency in the processing branches. For the economy as a whole, the ratio between the growth rate for social product, national income and volume of investments is presented as follows:

1	<u>Social product</u> 2	<u>National income</u> 3	<u>Investments</u> 4	<u>Ratios of efficiency</u>	
				2:4 5	3:4 6
Total national economy					
1981-1985	6.1	7.1	5.2	1.17	1.37
Average annual rates in percent					

Investment activity is oriented in the direction of concentrating forces toward fulfillment of the basic goals of the national economy and termination of those being fulfilled so that the successes from the preceding periods are consolidated, so that an intensive development and considerable rise in the assets allocated for machinery, equipment and installations are obtained in this way.

Converging actions are needed for modernization and development of existing units, supply with machinery, equipment for the areas built, building of new capacities with optimum sizes, judicious substantiation of their technical-economic indicators, adoption of the most modern solutions for constructions and technological processes, particularly through standardization of constructions in close connection with that of the production and equipment technologies. Concerns for reducing specific investment, for avoiding the dispersal of construction equipment and labor force on too many job sites built simultaneously, shortening the time it takes to carry out the investments, prevention of tie-ups of assets in unfinished investment and unassembled equipment are central ones.

One may say that the problems of efficiency are pressing with continually greater force on all economic activities and not just economic ones. An analysis of them with seriousness and a high spirit of responsibility, systematically finding measures for their optimum solution occupies and must occupy more and more of the time of the collective leadership organs at all levels, in the end polarizing the interest and concerns of all workers.

8071

CSO: 2700/202

IMPORTANCE OF CONTROL FACTOR FOR WORKER SELF-MANAGEMENT

Bucharest ERA SOCIALISTA in Romanian No 23, 5 Dec 81 pp 10-12

[Article by Dr Radu Ciurileanu, director general in the Ministry of Finance]

[Text] "Do not assume responsibility for signing acts, for issuing money or materials which are not in conformity with the law and which do not insure economic efficiency." These words delivered by Comrade Nicolae Ceausescu spur on workers in the financial-banking area, leadership cadres and also all those who management the socialist property to high demand- ingness and responsibility in work. At the same time, they express the special importance in preventive control, self- control in general in handling the country's resources.

Worker self-leadership, as an intrinsic component of it, means the organization and exercising in all socialist units of a systematic and efficient self-control which insures the super- vision and guidance of the entire process of exemplary achieve- ment and steady fulfillment of plan tasks, of managing mater- ial and monetary values with maximum efficiency with a view to obtaining superior results with the lowest possible ef- forts, under conditions of strict respect for plan, contrac- tual and financial discipline.

As we know, the measures established by the March 1978 RCP CC Plenum on improving the economic-financial mechanism brought an increase in the role and responsibility of the worker col- lectives in the leadership of our economic and social life so that together with their direct participation in making decisions, the self-control of each working man has been re- quired more and more over the way in which he fulfills his tasks on the job, the results obtained as well as the self- control of the collective leadership organs over the effi- ciency of their own decisions.

At the recent plenum of the National Workers Council, Com- rade Nicolae Ceausescu in particular drew attention to the need to increase the role of the leadership councils of the centrals as well as of the workers councils in enterprises

in the good organization and leadership of all activity, in conformity with their rights and responsibilities. These organs of worker democracy are obligated to solve the complex problems of production with the greatest exactingness since, as the party's secretary general stressed, "the activity of organizing the fulfillment of the country's laws and decisions is decisive for fulfilling the plan for 1982 and the five-year plan under good conditions." And this means raising the quality level of control in general and self-control in particular to the highest degree so that they insure the strengthening of worker discipline and order and revolutionary order in the activity of all economic units, firm elimination of any deviations or negative demonstrations which contribute to perpetuating shortcomings in economic-financial activity.

The self-control carried out day by day, systematically, on each job and over all activity and more precisely over all the technical, economic or financial operations means the involvement of all workers in our socialist units and each person separately in management over the property entrusted by society with a spirit of party-like responsibility. In their triple quality as owners of the means of production, producers and beneficiaries of material and spiritual values, the workers can only take action in this way, since they are vitally concerned with obtaining maximum efficiency in the units where they do their activity, and each person's well being depends on this.

A particularly important place in providing well-organized, systematic and efficient self-control in all socialist units belongs to preventive control--both financial and economic--as a basic tool of worker self-leadership, with the role of contributing to the use of material and monetary resources with maximum efficiency, to strengthening of order in handling all kinds of funds and increasing the responsibility of all decision-making factors at all organizational levels of the Romanian economy. At the same time, preventive control is intended to intervene promptly, efficiently to prevent shortcomings and their negative effects and to identify the causes and ways to avoid them in the future.

The importance of preventive control also results from the fact that the act of collective leadership, among other things, also means the ability to take continual action in the direction of preventing any "disturbances" and "events" which are undesirable in economic activity such as incurring expenses outside legal provisions, change in the intention of funds, the existence of tie-ups of materials, launching certain products into manufacture without insured sale or exceeding consumption standards for raw materials and materials and others, hindering any phenomenon in time which could bring harm to the socialist property or could reduce results.

Proceeding from such reasons and in order to insure maximum efficiency of the preventive control, this is regulated on unified bases, through law, which provides for tasks, obligations and precise responsibilities for all those called on to organize it and carry it out. The party program itself stresses the need for strengthening financial control, "whose task it is to prevent the involvement of

funds without economic justification, the tie-up of economic resources and to insure that maximum efficiency is obtained in the use of the material and financial resources of society."

Facts and data on which we shall dwell in the following show the way that the activity of preventive financial control and preventive economic control is carried out, showing through everything which is positive and negative the need for more intense utilization of these tools of worker self-control, for the purpose of applying the new economic-financial mechanism with greater firmness.

Organized in all socialist units and carried out by the financial-accounting organs over the operations resulting from which are rights or obligations for a socialist unit toward another socialist unit or other legal or physical persons, preventive financial control has succeeded in halting a number of operations before they are carried out, either illegal ones, either inefficient ones such as, for example, supplying with raw materials and materials beyond what is necessary, the payment of certain improper salary rights or fines or undesirable penalties, rejecting bank credits which were not justified under conditions of the self-financing of socialist units, avoidance of over-supply with certain equipment and means of transport and so forth. In short, preventive financial control carried out with authority and competence has brought a rise in the concern of decision-making cadres in the socialist units with strengthening order and plan and financial discipline and has contributed to increasing responsibility in utilizing material and monetary resources.

The efficiency of this activity has reflected favorably on the economic-financial results recorded by more and more enterprises, a fact found in a number of analytical actions, aid and control made by organs of the High Court of Financial Control, together with inspection organs of the Ministry of Finance. We shall not give examples of this kind here since there are too many of them; in exchange, we shall mention that in the activity of some economic units and state institutions one still finds aspects and shortcomings in the organization and exercising of preventive financial control. Measures are not being taken in all cases to employ appropriate personnel in the preventive financial control departments, in proportion with the changes which have occurred in the structure of personnel following transfers, retirements or promotions to other jobs; not all operations are being included in control, operations which, in accordance with the law, should be subject to this action, while the operations and documents subject to control are not always drawn up and completed with respect for the changes which have appeared along the way in the regulations in effect.

What particularly draws attention is that this control is being carried out in a number of cases without the necessary firmness in halting illegal, untimely or uneconomical expenses on time and completely. This explains why we reach the incurring of illegal payments or the creation of tie-ups of funds and resources in immobilized stocks. For example, at the group of forest construction sites in Deva, the fact that preventive financial control was carried out with less attention led to the acquisition beyond what was necessary of 400 tons of metal, valued at nearly 1.5 million lei.

A problem which should be dwelled on is the need for a principled discussion of any situation when differing opinions occur between the director or other cadres with leadership jobs in the enterprise, on one hand, and the head accountant on the other. In general we can say that there are relations of collaboration, understanding and mutual respect, a collective, team spirit between the head accountant and other leadership cadres. There are many directors who, in problems of efficiency and of engaging funds and incurring any expenses, do not "make a step" without consulting beforehand with the head accountant in order to find solutions to solve the problems jointly.

Unfortunately, there also are situations where the organs in the enterprises or from outside "urge" the head accountants to accept certain supply operations or to incur certain expenses "alongside the law." However, if the head accountants still refuse to sign these acts, they are categorized often as "unreceptive," "unresourceful" in finding solutions to elude or get around the law. Such mentalities and practices must be erased, since the law is obligatory for everyone, regardless of the job and place held in our society.

But respect for the socialist legalities in spending funds is not the only goal of preventive financial control. Just as important is subjecting any expenses to criteria of efficiency, of strict timeliness and need. In the area of material-technical supply, for example, preventive financial control sometimes encounters resistance from those who are guided by the slogan of "better an excess than a lack" and who request and put on pressure to obtain raw materials, materials, spare parts, items in the inventory beyond the necessary or much before the period of manufacture in which these goods are incorporated. A totally anti-economical situation appears when, contrary to law, supply is requested with production resources for manufactured goods which do not have their sale insured through contracts or orders. Some feel that these kinds of supplies should be accepted by preventive financial control in order to prepare conditions in time for launching the particular products into manufacture, calling the head accountant's opposition a lack of "orientation" which "endangers" the good progress of the enterprise's activity. Life has shown that most time the acceptance of supplies for products which do not have insured sale later has caused stocks above the norms, thus, tie-ups of the enterprise funds, with all the consequences resulting from this. Precisely for this reason the law prohibits such operations as a measure of prevention and combatting of the phenomenon of tie-ups of funds in stocks above the norms of all kinds. Also from here we have the need for the closest possible cooperation between the financial-accounting department and the supply, production and sales department.

From what has been shown one also can draw the conclusion that as often as the problem of tie-ups of funds is analyzed, all the factors who have contributed to this situation should participate in the discussions, and not just the head accountant, as often we see in practice. Without in any way reducing their duties and responsibilities but, rather, emphasizing them, it should be stressed that, equally, if not even more, the responsibility and contribution of all workers in the technical and economic departments in the enterprises must increase to strengthen plan and financial discipline and to increase economic efficiency. The practice of activity "by the piece" is as harmful as possible.

However, it is no less true that the head accountants also can have a more active, involved and participational role in the other enterprise activities, different from the purely financial-accounting ones. An accountant cannot be limited to saying that one or another of the technical-economic or financial activities "cannot be carried out" and that "nothing can be done." He should be permanently concerned that, within the strict framework of the law and the funds approved, all problems rising in the current and overall activity of the enterprise be solved positively--from prevention of shortcomings, reduction in expenses, combatting of waste up to the good management of material and monetary resources and, on this basis, increase in profitability and profits.

Firm, steadfast application of the new economic-financial mechanism in all areas of economic and social activity require following and systematically knowing the production process, the way in which consumption is achieved and expenses made as well as the results obtained. This is since each unit, of any kind, must know what it is producing, what incomes it has, what it is consuming and what it must give society.

Proceeding from these requirements, in the context of concerns for finding new means offering the opportunity to the working collectives and leadership organs to take action and intervene more systematically--in the spirit of the principles of worker self-leadership--in order to influence the economic and financial processes in the direction of exemplary fulfillment of the plan tasks and obtaining of the highest possible efficiency, preventive economic control was introduced at the beginning of this year at the section, factory, work site level in industrial and construction-assembly units.

With its being a question of a new activity which primarily involves the technical cadres, starting with the head engineer of the enterprise, in following up on operations such as launching products into manufacture, respecting the specific consumptions, establishing and applying labor standards, making current and capital repairs for equipment and installations and others, the Higher Court for Financial Control, the Ministry of Finances, the economic ministries and centrals have taken action to aid and guide the base units in the organization, instruction and exercising of preventive economic control.

In a relatively short period since the introduction of this new form of preventive control specific to worker self-leadership, promising results have been obtained. Here is an example. The Cluj Railroad Construction Enterprise has organized this form of control since May. Given the seriousness of the organization and exercising of preventive economic control in this enterprise, in which 42 technical cadres are participating, starting with the director and ending with the heads and foremen of the construction lots, no surplus consumption, rights of personnel paid illegally, equipment beyond what was necessary, production reported but not achieved have been recorded, with all the problems appearing having been solved efficiently and in conformity with the law.

Of course, one could ask: what should the criterion be to evaluate the activity of preventive economic control or, said another way, its efficiency and finality? The answer can only be the economic-financial results in the particular unit. In other words, it cannot be a matter of the efficiency of preventive economic

control when and where negative phenomena appear, such as programming and launching into manufacture of products without insured sale and without legally approved prices, exceeding the specific consumption, failure to achieve the indicator of value of net production. These consequences can be avoided by the prompt and firm intervention of preventive economic control. However, what are important are the good organization and exercising of it, together with emphasis on the technical cadres' concerns and responsibilities for increasing economic efficiency. Unfortunately, in some enterprises the personnel assigned to carry out preventive economic control have been instructed superficially and substitutes for the empowered persons have not been established as they should. In a number of places tasks belonging to the cadres who carry out the preventive economic control have been formulated very summarily in the regulations for organization and operation.

Things are not satisfactory everywhere with regard to the way that this control is carried out and its efficiency. For example, at the enterprise for industrial operation of mineral aggregates for construction in Bucharest, although the leadership has taken the measure to organize preventive economic control, having fulfilled the formal part of the action, it no longer sought whether this control was actually being carried out or not. So it is not surprising that the unit is in an inappropriate economic-financial situation, with a large volume of tied-up material values, debts not followed, uneconomical payments, consumptions beyond the standards and so forth. Under these conditions, instead of taking measures to correct the situation, the unit has continued to put products into manufacture without insured sale, to report a production which partly has not been executed and to exceed consumptions without well-based justification.

Today, when more than ever a maximum deliberation and fully responsible deliberation is needed when involving our society's funds, all the levers and tools of worker self-leadership can and must operate irreproachably. That is why we need improvement in the organization of preventive control at the level of each socialist unit, a review of the personnel entrusted with carrying out this control so that the important duties and responsibilities they have should be entrusted to the best cadres who are solidly trained politically and professionally who take action with competence, firmness and partylike responsibility. Of course, the success of preventive control depends a lot on the close collaboration and cooperation between the technical, economic and financial cadres, knowing that only through the converging efforts can the complex problems of increasing economic efficiency be solved in the best way. We feel that periodic discussions in the collective leadership organs of the preventive control activity are of particular importance, with a view to establishing the measures needed to continually improve and strengthen this basic tool of worker self-leadership.

Finally, it is a duty of the centrals, ministries, financial-banking inspection organs to intensify their work of aiding and guiding the enterprises in raising the quality level of preventive control to correspond to the current tasks for our country's social-economic development.

NECESSITY FOR UPDATING AGRICULTURAL PRICING SYSTEM SHOWN

Bucharest REVISTA ECONOMICA in Romanian No 6, 12 Feb 82 pp 6-7, 13

[Article by Emil Niculescu, director in the Ministry of Domestic Trade]

[Text] Firm and efficient application of the new economic mechanism in all branches and sectors of social-economic life means the operation of a scientifically substantiated pricing system, respecting the requirements of economic laws which insure a correct correlation between production expenses, costs and sales prices.

In the Romanian economy, in the full process of implementing the requirements of the new economic mechanism, the current concerns with aligning prices to the rise recorded in the world economy as well as with the real production expenses in the national industry and agriculture have taken the form of a broad program of measures, among which the recent Decision of the RCP CC and Supreme Council for Social and Economic Development of the Socialist Republic of Romania joint working meeting on placing the prices of agricultural products back on economic principles and correlating them and raising retail prices for agricultural food products and increasing worker personnel's salaries and the allocation for children and pensions is a new stage in the utilization of economic levers for material incentives in fulfilling the goals to increase agricultural food production and, on this basis, the people's standard of living.

Since the multitude of products called on to satisfy a particularly complex and varied range of the people's needs on the market, in the commercial network, appear as goods, the retail sales price, as well as the ratio between it and production costs, is an element which powerfully makes its mark on the way in which production takes place as well as the supplying of the population with goods.

As in other branches of the national economy, achievement of the principles of economic-financial self-management also in trade involve carrying out efficient, profitable activity intended to provide complete recovery of costs in different

phases of the reproduction process, together with obtaining of an appropriate profit. A profitable activity may be achieved only on the basis of respect for the requirements of economic laws, utilizing economic levers to provide a lasting foundation for health economic development and, implicitly, for raising the population's standard of living.

Stressing the economic principles at the basis of reestablishing prices, Comrade Nicolae Ceausescu showed in his speech at the joint working meeting of the RCP CC and the Supreme Council for Economic and Social Development: "It has become necessary for us to bring into agreement international prices and the increase in cost prices and production prices in Romania in order to insure application of objective economic laws in the leadership of all social-economic activity."

In the economic policy of our party and state, the judicious utilization of the lever of prices is a reference point in the framework of the scientific system of leadership and organization of social-economic activity, promoted with special firmness and in a creative spirit. What is definitive in this regard is to systematically seek the evolution of prices, for the purpose of insuring appropriate correlations between their level and the other indicators of economic development and rise in the population's standard of living.

Achieving good supply of the population with goods is a long-lasting strategic goal in the fulfillment of which in the years of building socialism remarkable results have been obtained. Against the background of the continued growth in consumer goods production and the population's monetary incomes and of important and complex social-economic process, a special rise in sales of goods has been recorded. Last year they totalled more than 223 billion lei, of which nearly 110 billion were food goods, that is, 23.5 times more than in 1950; in 1981 nearly 10,000 lei were sold on the average per capita, of which more than 4,900 per capita were through the network of food stores and public food service units, compared with 287 lei in 1950 and 1,680 in 1965.

From the data on the evolution of retail sales of goods in the last two decades, we see that in 1980 the total value volume of sales of food goods was 5.8 times greater than in 1960 in the Socialist Republic of Romania, 4.9 times greater in the People's Republic of Bulgaria, 4.7 times greater in the People's Republic of Hungary, 3.2 times greater in the USSR, 2.3 times greater in the Socialist republic of Czechoslovakia and 2.1 times greater in the GDR (see Table 1).

Table 1: Rise in Retail Sales of Goods in Socialist Republic of Romania and Other Countries (1960=100)

	<u>Total sales</u> (food + nonfood)			<u>Sales of foods</u>		
	1970	1975	1980	1970	1975	1980
Socialist Republic of Romania	233	351	528	260	394	581
People's Republic of Bulgaria	231	340	501	227	325	493
Socialist Republic of Czechoslovakia	173	224	270	158	194	230
GDR	142	183	223	145	173	205
People's Republic of Poland	200	368	610	192	342	581
People's Republic of Hungary	205	320	501	204	307	472
USSR	198	268	344	202	287	321

Source: "Statistical Yearbook of the CEPA Secretariat, 1981"; current prices in the currency of each country.

Since both the quantitative growth in sales as well as evolution of retail sales prices are reflected in the value volume of sales of goods, there is interest in making a separate analysis for each of them. Going to the statistical figures for Romania, we find that in the last decade the sales of food goods rose 2.2 times, while the indicators for prices for these products rose just 11 percent, a fact which denotes achievement of an increase in sales due overwhelmingly to quantitative growths under conditions of a high degree of price stability.

On the basis of the efforts made by the consumer goods producers in agriculture and the food industry year after year, through socialist trade more and more quantities of agricultural food goods have been placed at the population's disposal in a structure of continual renovation and diversification of varieties. Graphic in this regard are the figures referring to the evolution of retail sales prices for the main agricultural food products (Table 2).

Table 2: Retail Sales Prices Through Socialist Trade for the Main Agricultural Food Products

	<u>Absolute Volumes</u>			<u>Absolute Increases in 1981 over:</u>	
	<u>1950</u>	<u>1965</u>	<u>1981</u>	<u>1950</u>	<u>1985</u>
Bread:					
Thousand tons	668	1,755	2,487	1,879	732
kilogram/resident	41.0	92.2	111.3	70.3	19.1
Meat:					
Thousand tons	76	157	412	336	255
kg/resident	4.7	8.2	18.4	13.7	10.2
Meat preparations:					
Thousand tons	10	54	267	257	213
Kg/resident	.6	2.8	11.9	11.3	9.1
Oil:					
Thousand tons	24	115	201	177	86
Kg/resident	1.5	6.0	9.0	7.5	3.0
Milk (including powdered):					
Thousand hectoliters	354	2,499	6,240	5,886	3,741
liters/resident	2.2	13.1	27.9	25.7	14.8
Cheeses:					
Thousand tons	9	38	56	45	18
Kg/resident	.5	2.0	2.5	2.0	.5
Butter:					
Thousand tons	2	10	23	21	13
Kg/resident	.1	.6	1.01	.9	.4
Eggs: Thousands	27	314	1,840	1,813	1,526
Number/resident	1.7	16.5	82.3	80.6	65.8
Sugar: Thousand tons	84	190	370	286	180
kg/resident	5.2	10.0	16.6	11.4	6.6

Source: Statistical Yearbook of the SRR for 1950 and 1965; operative dates for 1981.

Returning to the problem of the evolution of sales prices for agricultural food products, we should stress the much slower rise in indicator of prices in Romania compared with the evolution in other European countries (Table 3).

Table 3: Rise in Indicator of Sales Prices for Agricultural Food Products in Some European Countries (1970=100)

	<u>1975</u>	<u>1980</u>
Romania	105.5	111.0
Bulgaria	103.0	139.0
Hungary	113.0	162.0
FRG	130.0	153.3
France	157.5	254.0
Austria	136.4	170.3
Switzerland	141.4	162.8
Italy	172.2	355.6

It should be noted that during one decade (1980 compared with 1970), while the increase of 2.2 times in food goods sales in Romania took place under conditions of an 11-percent rise in sales prices, sales in the People's Republic of Bulgaria rose 2.18 times and prices rose 39 percent, while in the People's Republic of Hungary the rise in prices was 2.31 times, together with a 62-percent rise in prices.

Throughout the entire period of building the socialist society in Romania, our state has made large financial efforts to insure the population the opportunity to buy the most necessary goods at advantageous prices, in most cases with the commercialization of agricultural food products being characteristic at sales prices which did not change for a long time, as we see in Table 4:

Table 4: Level of Retail Sales Prices for the Main Agricultural food Products

	<u>Current price, lei/kg</u>	<u>Year set</u>	<u>of years with no price change</u>
White bread	4.40	1952	30
Black bread	2.00	1954	28
Semi-white bread	3.20	1953	29
Simple pasta (bulk)	5.00	1955	27
Egg pasta (bulk)	6.67	1955	27
Hulled rice	8.00	1960	22
Sugar	9.00	1954	28
Eating oil	11.00	1952	30
Butter	40.00	1970	12
Cow's milk (liters)	2.30	1970	12
Farmer's cheese (bulk)	11.60	1970	12
Pork leg	25.00	1973	9
Chicken (without head and feet)	24.00	1973	9
Lemons	12.00	1959	23
Oranges	13.00	1959	23

Differing from the high level of stability of the prices for food products in Romania in the last 25-30 years, in other countries sales prices for these products have risen sharply. For example, for a 1-kg bread--3 times higher in the United States, 8 times higher in Italy, 5 times higher in Austria and FRG; for rice--3 times higher in the United States and England, 4 times higher in Belgium, 3 times higher in Italy; for sugar--4.5 times higher in the United States and more than 3 times higher in Italy and England.

Figures on the evolution of retail sales prices for agricultural food products in Romania gain new meaning and significance when an examination is done correlated with the evolution of the population's monetary incomes. Using figures for 1970-1980, we find that the average net monthly salary for worker personnel much surpassed the rise in the price indicator for food goods (Table 5), thus being a factor which favored the substantial growth in the population's purchasing power and sales of food goods.

Table 5: Comparative Rise in Retail Sales of Food Goods, Average Net Salary for Worker Personnel and Price Indicator in 1970, 1975 and 1980

	<u>1970</u>	<u>1975</u>	<u>1980</u>
1. Average net salary			
Lei/month	1,289	1,595	2,238
In percent	100.0	123.7	173.6
2. Price indicators for food goods			
In percent	100.0	105.5	111.0
3. Sales of food goods (including public food service)			
Millions of lei--current prices	47.2	71.4	106.2
In percent	100.0	151.3	225.0

Taking into account that new phenomena and requirements continually appear in social and economic life, a characteristic which must find its proper place in our pricing system is bringing them up to date in direct ratio to the action of certain factors which affect both the production of consumer goods and their achievement as goods on the market. In this regard we know that in recent years a number of objective factors, practically in all areas of activity, have brought a rise in production costs. So we have in mind in particular the substantial increase in prices of fuels and energy on the world level, together with large price increases for many raw materials. This has meant that in Romania's food industry in the last 5 years alone, production costs and prices rose more than 24 percent, with the increases being 39.4 percent for meat, 49.0 percent for drinking milk and 27.0 percent for flour.

Proceeding from the realities of our social-economic life and from a deep understanding of the meaning of the action of objective economic laws, the leadership of our party and state, together with the entrance into the new 1981-1985 five-year plan, established a series of measures aimed at bringing up to date and improving the correlation, on economic principles, of production and delivery prices for agricultural products as well as prices for production, contracting and acquisition, which are reaching average growth level of 30 percent for agricultur as a whole.

These large increases give the agricultural producers the opportunity to cover their production expenses and to obtain supplemental incomes so that they enjoyed an additional 10 billion lei for the products delivered in 1981, representing more than double all the price increases for the entire 1970-1980 period. Also, starting in 1982, on the basis of the decisions adopted by the RCP CC Political Executive Committee, new measures are being applied to provide incentives for the producers who deliver to the state fund grains, technical plants, potatoes, vegetables, fruit, grapes, fodder and seeds. On the basis of these new regulations, which are in direct agreement with the requirements of the new economic-financial mechanism, agricultural producers this year will obtain 25 billion lei more than in 1981 under conditions of achieving the planned production, with the peasants' incomes to increase around 25 percent in this way.

Also taking into consideration the expenses incurred by changing agricultural products into products of the food industry, we have reached the situation in which production prices based on real costs are larger than the retail sales prices.

Some difficulties which have appeared in supply have been caused by some producers' tendency to obtain profitable products in particular, to the detriment of others, for which delivery prices no longer were covering production costs. This situation also led to failure to carry out the delivery contracts to the market fund, both in the structure of variety as well as for some products like sweet-water fish (80 percent of the 1981 plan was delivered), yeast for beer (68 percent), mineral waters (89 percent).

In order to fulfill the tasks established by the 12th party congress on providing for the good supply of the population with goods and to move to a new, higher quality in economic activity, the recent decision has sought not only to cover material and production expenses from agriculture and the food industry but also to increase material incentives for the workers and for the peasants in general.

So conditions will be created to effectively stimulate the production of agricultural food products and to strictly fulfill the delivery tasks for these products to the market fund and to honor the contracts in an exemplary way and consistently apply the new economic-financial mechanism both for the producers as well as in trade and to achieve self-leadership and territorial self-supply.

All these are among the most favorable conditions for being able to offer the population a higher volume of agricultural food consumer products, more diversified as far as variety and of better quality, in agreement with the goals and tasks belonging to social trade from the program for raising the standard of living and continually raising the quality of life in this five-year plan.

It is worthwhile noting that, in agreement with the party's general policy of raising the workers' standard of living continually, measures have been established with a view to increasing salaries and allocations for children and pensions, which will cover the supplemental expenses, also insuring a real growth in the workers' salaries. In this way maintenance of the population's purchasing power is insured, parallel with improvement in their supplies through the increase and diversification in the supply of consumer goods. Also included in the

structure of the new higher prices for agricultural food products are the increased expenses for transportation and distribution, a fact which is to be positively reflected in the self-management of the commercial enterprises, being a powerful stimulus for improving the circulation of goods, including agricultural products.

Of course, utilizing the potential of the new economic mechanism through a pricing system judiciously correlated at the same time means the good organization of the self-supply programs in order to achieve agricultural production and the acquisitions and contracting of agricultural products at the level of the plan tasks.

8071

CSO: 2700/203

CONSUMER COOPERATIVES REACT TO INCREASED RESPONSIBILITIES

Bucharest REVISTA ECONOMICA in Romanian No 5, 5 Feb 82 pp 9-10

[Article by Dr Ian Vetrinean, deputy director of the Central Union of Consumer Cooperatives]

[Text] The 7th consumer cooperative congress which recently ended discussed with high responsibility and exactingness the activity carried out in the system since the last congress as well as the tasks belonging to it in continually increasing its contribution to implementing the decisions of the 12th party congress.

In the spirit of the greater tasks resulting for our sector of activity from the decisions of the joint plenum of the party's Central Committee and the Supreme Council for Economic and Social Development of November 1981 and other party and state decisions for territorial self-supply for 1982 and the 1981-1985 period, the congress established the goals for improving the activity of production, acquisition and distribution of goods through our cooperative system and raising it to a higher level of quality.

Self-Supply: Territorial Goals

In the current five-year plan the consumer cooperative organizations, on the basis of the principles of territorial self-supply and self-leadership, will put in the center of their activity the intensification of actions of contracting and acquisition of agricultural food products. In 1982 alone 33,000 tons of poultry, 1.5 billion eggs, 800,000 tons of potatoes, 10,000 tons of beans, 23,000 tons of vegetables, 45,000 tons of fruit, nearly 4,000 tons of bee honey, 3,100 tons of medicinal plants will be purchased for the state fund. Large quantities of grains, hay, forest fruit and mushrooms, domestic rabbits, geese, ducks, pigeons, snails and frogs will be obtained.

At the same time work will intensify to organize and develop our own zootechnical sector and to aid the population's plots in increasing animal production. As a result, 17 million day-old chicks will be sold to the population in 1982 from our own incubators, while in 1985 it will be 50 million; the number of layers from our own zootechnical sector by the end of this year will reach 1

million. Some 21,000 breeding rabbits will be delivered this year to the population's plots for raising, fattening and contracting and in 1985 it will be 62,000. In the hill and mountain zones the attached plots will be extended to raise sheep and cows, hogs, geese and ducks and pigeons. The number of cooperative sheep pens will increase, the development of beekeeping will be aided as well as the development of the production obtained. In order to obtain the fodder needed for our own zootechnical sector, the workers in the cooperative organizations will cultivate all the lands they hold either because they own them or they are to receive them from the people's councils.

Greater attention is to be given to raising the quality of bread and to diversification of bread products from our own bakeries. The cooperatives will take firm action to supply the population with bread, in conformity with legal provisions, under the conditions of a strict savings program and struggle against waste.

For the purpose of aiding the population's plots in raising vegetable production, complete satisfaction of the population's requirements is to be insured for scythes, rakes, hoes, other tools, agricultural machinery and household items needed for small farming; together with the specialized enterprises, also to be provided are the necessary seeds, vegetable transplants, chemical fertilizer, insecticides, fungicides, polyethylene and other materials needed on the population's plots.

All these measures will contribute to local self-supply with these products, together with increasing the contribution to supplying the urban population. Superior processing of the agricultural food products will permit some goods to be obtained with a high degree of competitiveness, a greater currency contribution per unit of products exported, thus increasing the efficiency of the foreign economic relations of our cooperative organizations.

Services: Amplification and Diversification

The providing of services, an important component in the entire population's standard of living and a basic condition in raising the degree of civilization of the village, as pointed out in the message addressed by Comrade Nicolae Ceausescu to the 7th consumer cooperative congress, will be "an area in which the consumer cooperative must take action in the most decisive way to radically improve work."

Mobilized by this task, the cooperative organization will take firm action so that in 1985 the providing of services for the population will be more than double that of 1981. In this regard, in mind is the development of a network of units for the maintenance and repair of household items--refrigerators, washing machines, vacuum cleaners, radios, televisions, tape recorders, furniture and upholstery, the construction and repairing of homes and attached plots and so forth. At the same time services will develop for filling the soda bottles, for transport with animal traction as well as barbershops, shoemakers, tailors as well as for repairs and basic work that is ordered. Starting in 1982, no village will be without these. At the same time the self-service network will increase and units for repairing motorcycles, motor bikes, bicycles and so forth will be established.

Special emphasis will be placed on extending the traditional services specific to the village, such as ironmongery, cooper's shops, wheelwright's work, jacket making, the making of carding tools, saddler's shops, tanners, stove making as well as other services requested. In order to come more and more to the aid of the village population, new units are to be organized for the rental of household items and, according to the specific nature of each locality, units will be established providing services for transport, care of the beehives in the pastures, egg incubators, fodder harvesting, animal slaughtering.

For the purpose of raising the quality level of the service jobs and of promptly satisfying the customers' requests, special concern will be given to supplying the particular units with the equipment and apparatuses needed to carry out a large range of operations. Greater emphasis is to be placed on recruiting cadres, on raising the degree of their training and on educating them in the spirit of socialist ethics and equity.

Small Industry: Utilization of Local Resources

An area of major importance in which the activity of the cooperative organizations and enterprises will concentrate their activity is that of the development and diversification of small industry. In conformity with the congress decisions by 1985 its production is to more than double compared with 1980. By 1982, small industry will increase 16.8 percent or by 1.8 billion lei compared with 1981. Action is to be taken so that the participation of our organizations and enterprises in the area of nonfood cooperative production increases in the production of tools, devices and other articles needed on the peasants' plots, with the increases forecast in this sector being 3.8 times higher than the last five-year plan.

Special attention is to be given to organizing the production of household items, which will increase more than 3.5 times, as well as the production of textiles, knitwear, leather shoes and leather substitutes, items of wood, metal and other materials, which will triple. In this way, this activity will provide for completing the fund of goods, both locally as well as centrally, needed by the population.

Emphasis in the development of small industry and the production of handicrafts is to be placed on superior utilization of materials existing in each zone and locality so that the highest production possible, with a high degree of processing, is obtained per unit of raw material and with a great diversity and superior finishing.

For this purpose, with the aid of the local people's councils the following will be cultivated on the lands not included in agricultural circulation: osier willows, sorghum and other plants and activity will intensify to gather and utilize straw, different kinds of twigs and other materials which can be used in handicrafts production.

In conformity with the indications given by the party's secretary general, Comrade Nicolae Ceausescu, in fulfilling the handicrafts goals the emphasis to the greatest extent will be placed on ceramics, wood, woven items, basketry from willow twigs, birch, from rye and rice or other local raw materials which are

requested very much on the domestic market as well as for export. Greater attention will be given to stimulating the production of craftsmen creating popular art and the artistic traditions specific to each folkloric zone will be utilized to the maximum.

A priority task for the consumer cooperative in the area of the food industry is supplying the population with bread.

Toward this goal, together with the operation of existing bakeries at full capacity, another 254 bakeries will be built in 1982-1983. In the center of attention will be improvement in the bread's quality, diversification of bread products as well as the development of products for pastry houses and coffee houses. At the same time, the production of canned goods and semi-canned goods of vegetables and fruit coming from the population's plots will develop. Toward this end, each cooperative organization, food service unit or tourism unit will process the surplus of the local vegetable and fruit production with a view to processing in the farm system, with their own personnel and without costly methods, for obtaining the largest possible quantities of canned or siloed fruits and vegetables. Also to be intensified is the activity of the harvesting and superior processing of sponge, mushroom, forest fruit, medicinal plants from spontaneous flora as well as the increase in production of soft drinks. Also to be utilized are the clay lands for ceramics production, production of brick and pottery and activity will intensify for reconditioning and reusing certain materials of wood, textiles, metal, glass, plastics recovered from the population. The organization of the cooperative for production, acquisition and distribution of goods will take action, at the same time, to utilize new sources of energy such as biogas, secondary thermal energy, wind and sun energy and so forth.

Measures will be taken to fulfill the goals forecast for development of small industry in order to draw the available labor force into the activity of production and providing of services, primarily housewives, and a greater emphasis will be placed on work in the craftsman's home.

Trade: A Higher Role in Village-City Exchanges

Special tasks belong to the organizations of the cooperative for production, acquisition and distribution of goods and in the area of supplying the population with goods, in accomplishing the exchange of goods between village and city. In accordance with the overall development of the national economy and with the workers' higher incomes, a volume of sales of goods which is 47 billion lei greater than in the preceding five-year plan is forecast for this five-year plan.

Action is to be taken to provide the village population with agricultural tools, household appliances, clothing, shoes, knitwear, cosmetics and notions, furniture, building materials and other items. A more and more important place in the share of sales will be held by household articles built by our own small industry units. Concerns existing for building high-quality products, with a high degree of innovativeness, will permit extending trade with extra and luxury articles, organized in regions and specialized stores, particularly in cities and communes with high buying power, in the balneary stations with permanent activities.

In accordance with the provisions of the law, at the same time action is to be taken for the good supply of the population with bread, flour, cornmeal, sugar, oil and other products, for providing a rational consumption, avoiding waste and the losses of any kind. Supplying the rural population with basic food products is to be achieved by firm application of the principles of self-leadership and territorial self-supply, using the population's plots' own resources and those of the agricultural production cooperatives and from the state fund.

Public food service is an activity to which special attention is to be given. In this area action is to be taken to develop and improve the food-preparation units--restaurants, pubs, snack shops and so forth. Special attention is to be given to increasing the production of food preparations and diversification of the meals.

Much firmer action is to be taken in the area of tourism and recreational activity to create the conditions needed for the most pleasant free time. At the same time better utilization of existing housing capacity is to be insured and the possibilities will be extended for housing in tourist inns. Greater attention will be given to developing recreation near the big public food service units and tourist units by creating opportunities for sports as well as providing games for enjoyment.

Measures for modernization of commercial and public food service units, extending of modern forms and intensification of practicing active forms of trade in fairs, cattle fairs as well as increase in discipline among the sales people will lead to raising the quality in the level of service to the population substantially and to a civilized trade being carried out in accordance with current requirements.

Particularly important tasks belong to the cooperative for production, acquisition and sales of goods and in firm application of the new economic-financial mechanism and growth in efficiency of all activity. In the 1981-1985 five-year plan special attention is to be given to substantially raise profits in all economic organizations and activities by increasing incomes to the maximum and reducing production and circulation expenses, particular material ones. On this basis our own assets will increase nearly 50 percent by 1985 compared with 1980, which will lead to providing the funds needed for development of economic activity, participation of the consumer cooperative in the country's social-economic development to a greater extent. Toward this end action will be taken to increase the degree of self-financing of the cooperatives so that their number by 1985 reaches at least 1,200, that is, nearly half of the cooperatives.

Greater concern will be given to utilization of the existing material-technical base and the most efficient possible use of it so that the volume of production, of sales and of profits per unit of existing fixed capital increases.

Important measures also will be taken in applying a strict savings program, with special attention being given to saving fuel, energy, raw materials and to increasing labor productivity, strengthening economic-financial self-management and, on this basis, consolidating financial balance in all organizations and enterprises.

FINANCE SECRETARY KOSTIC DISCUSSES STRENGTHENING THE DINAR

Belgrade RAD in Serbo-Croatian 19 Feb 82 p 5

[Interview with Petar Kostic, member of the Federal Executive Council and Federal Secretary for Finance, by Zoja Jovanov; date and place not given]

[Text] Administrative measures were taken at the beginning of the fiscal year to create more orderly domestic and foreign currency markets. How effective will these actions be? We'll let the subject of our interview be the judge of that. In any case, government intervention in these matters is sometimes inevitable. One need only be reminded of the chaos in the business community provoked by governments defending their currencies abroad, and the occasional but perceptible loss of confidence in the dinar.

Are the domestic and foreign currency markets in our country being established in accordance with legitimate, socialistic practices, or are the markets and the relationships which they create being governed by something else? This is one of the questions we asked Petar Kostic, member of the Federal Executive Council [FEC], and Federal Secretary for Finance.

RAD: After the recent devaluation of the dinar and Yugoslavia's greater penetration in the foreign market, there are two almost equal currencies in effect in the domestic market. Should this be tolerated?

Kostic: According to the Constitution, the dinar is the only means of payment in the country, and all transactions with foreign currency instead of the dinar are illegal and punishable offenses. Many business transactions are only formally based on self-management agreements concerning the pooling of foreign currency, and in essence they amount to the sale of foreign currency at an exchange rate above the official one. It is becoming more and more obvious that the Organizations of Associated Labor are using convertible currencies as a part of their reciprocal payments. I can only say that measures are being taken through inspection agencies to identify those engaged in this type of activity.

RAD: You appear to be alone in claiming that the two currency market has appeared because of illegal possession of foreign currencies. Does this illegal possession also refer to organizations which are compelled to secure a share of foreign currency income which they have not helped to create in order to obtain the necessary imports of raw materials and manufacturing materials?

Kostic: The law concerned with foreign currency management and credit relations with foreign countries makes possible the distribution of foreign currency revenue to all those who make products for export. However, it has been demonstrated that organizations within the whole manufacturing process do not distribute the currency as the law envisioned. To be honest, it is a complex process, but there is no justification for collectives to avoid the responsibility of deciding in a reciprocal manner the contribution of all those who participated in earning the foreign currency. The procedure for determining the contributions to foreign currency revenue is quite complicated and it should be simplified while keeping to the basic determinations of the law.

RAD: Would things work fairly well if they were done according to the law?

Kostic: For the most part. There would be more order in foreign currency management, but there would still be some room for improvement. This law has been discussed in the Federal Councils for almost 2 years, but until some better decisions are made, it should be carried out.

RAD: Properly speaking, a foreign currency market does not exist, although many months have gone into making it work. What are the prospects that this market will become a reality?

Kostic: The current, basic, legal decision concerning the foreign currency market cannot be disputed from any viewpoint. The manner in which this complex system of relations should function has been precisely regulated. However, the market is not working as it should, although I think that it has been well conceived. There are different opinions as to why it is not working. Some say that the balance of payments situation in the country is the problem; the most popular theory is that there is a shortage of foreign currency. Others put the blame on various legal decisions, the economic autarchy of the republics, illegal business activities of Organizations of Associated Labor, the banks. And there is the problem of the quite frequent attempts by some to realize large profits by selling foreign currency outside of legal channels and exchange rates.

RAD: What do you think has hindered the foreign currency market?

Kostic: All of the reasons I have mentioned are in part responsible for interrupting the operation of the foreign currency market. It functions now for the most part because of interventions by the National Bank of Yugoslavia, but these actions should not be allowed to go on much longer. Conditions should exist now for the market to function in a normal manner, but it would be impossible to say when this will actually happen. In any event, the market must be established.

RAD: In principle, those who earn foreign currency income should also manage it. This does not always happen in practice. What are the possibilities of this proclaimed principle being implemented?

Kostic: If you think about it enough, this principle is not such a simple one. When products and services are created for export, there are a number of organizations, in addition to the direct exporters, who participate in the process

indirectly. Taking these organizations into consideration, the rule that foreign currency goes to those who earn it is valid. Those who have brought in the currency have the first claim when it is distributed; then come those who do not produce goods for export, but who must import raw materials. Part of the currency must also go to the social-political and self-management interest communities in order to carry out the functions of the government and social services. Of course, in all three cases, the currency must be earned by the economy.

RAD: This year was begun with administrative measures. Do you think that these powers were exercised by the FEC too quickly?

Kostic: It seems to have become normal to challenge the FEC whenever it takes administrative measures. When this is done after all other possibilities have been exhausted, the critics say that it did not react in time. When it sees that a consensus is lacking and then takes timely measures, they say that the FEC did not have enough patience to wait until self-management solutions could be found. I am not defending the FEC or its actions, but I think that administrative measures have been taken only when there is no other choice. In truth, there have been a number of these measures recently, but in the given situations they were completely justified. However, the regulation of economic developments by administrative measures as a permanent policy is not acceptable.

RAD: The effectiveness of these measures has been discussed, in general, a great deal. As is usually the case, what is heard is criticism. For example, if clothing merchants and consumers can agree to the conditions on loans without higher participation, why is the FEC regulation about this participation still in effect?

Kostic: If organizations give credit from their own revenue then there is no problem. But if this is done through banking capital, thus incurring debt, then this clashes with the FEC regulation. The purpose for the regulation is to equalize the relations between goods and money and to restrict demand more effectively. It is understood that I do not question the momentary interests of the merchant, and especially the consumer in this case.

RAD: You have probably heard that limiting the value of goods that can be brought into the country, tax-free, to 200 dinars is a measure which people say you are responsible for. Do you expect any effect from this measure?

Kostic: Limiting imports is a normal economic instrument of every country. We have a special reason for doing this--the large outflow of dinars. Because it cannot be used for international payments, foreign tourists return them to us instead of leaving foreign currency behind. This is a double blow at domestic finances and at the dinar itself. It is difficult to tell what effect this measure will have, but it will certainly reduce the flow of dinars across the border.

RAD: Last year, the payment deficit was reduced by half in comparison with 1980. Does this mean that our debts to foreign countries are less?

Kostic: No. But because the deficit must be covered by loans or by other financial instruments which are even less favorable, reducing it also reduces the need

for incurring more debt. To be sure, this does not happen immediately. Now we owe \$18.3 billion, \$16.8 billion of which is in convertible currencies. In 1979 the deficit amounted to \$3.7 billion, the next year it was \$3.3 billion, and last year \$750 million, although we had expected it to be \$1.8 billion. This year the deficit should not exceed \$500 million, and the next year it should be completely eliminated.

RAD: When do you expect a more significant reduction in the amount of money owed to foreign countries?

Kostic: No one can give you that date, because it is a matter of the relative reduction, the degree in relation to the development of productive capacities and the growth of exports.... Moreover, the criterion is not the amount of the debt but the percentage level of indebtedness of the country. Every year we plan to reduce it by one point. We're still talking about the level for this year.

RAD: Besides the deficit, it seems that something could be done to stop the slide of the dinar....

Kostic: There is still a great deal to be done. Especially concerning the high level of inflation. Last year, retail prices were up 38.3 percent. After we have reduced the payment deficit we have to pay a lot more attention to greatly reducing the level of inflation. It should not be greater than 15 percent. As opposed to previous years, conditions exist now to do something about it. The economy has been relieved of a number of public expenses; there is a larger material base which can be used to check the momentum of inflation. It does not appear that it was transferred from business expenses to consumer prices. This is already being prevented by a number of regulations, starting with those concerning investment all the way up to personal consumption. However, I do not rule out the necessity of using new administrative limitations in order to subdue inflation.

RAD: Does this mean that this year will be a turning point, that now we will have to pay the price for excessive indebtedness, consumption, and the increase in prices during the last few years?

Kostic: I do not believe in critical years and I think that the public has had its fill of turning points and historic years. This strikes me as being economic campaigning, and it does not contribute to stability. But I deeply believe that inflation will be reduced and that the deficit in the exchange of goods with foreign countries will be decreased according to plan.

9548

CSO: 2800/250

SERIOUS SHORTAGE OF PETROLEUM PRODUCTS IN MACEDONIA

Skopje NOVA MAKEDONIJA in Macedonian 6 Mar 82 pp 1-2

[Article by T.I.: "Difficult Supply Situation for Petroleum Products"]

[Excerpts] The irregular supply of petroleum products during the course of the year has complicated even more an already difficult energy situation facing the Macedonian Republic. Due to the increased need for electric power and the late provision of hard currency funds, during the past 60 days production in the domestic refineries has come to a standstill. Thus, only 14,000 tons of the anticipated 48,000 tons of diesel fuel have been delivered. The situation is even worse for mazut--of the planned 100,000 tons only 20,000 tons have been supplied (in order to alleviate the situation an equal amount has been imported), and deliveries of gasoline have been 75 percent of what is expected for this period.

In a meeting of the Assembly of the Economic Chamber of Macedonia, the director of Makpetrol, Gavro Gavrilski, said that there is a chance that the situation will be alleviated somewhat in coming days. This is because in the last days of February the refineries began to work at a slightly increased rate due to the arrival of imported oil. But, aside from that it is difficult to say if the refineries will be able to compensate during the course of this month for the quantities which have not been delivered. The supply of diesel fuel will be especially critical from now on. The majority of the diesel fuel that we expect to receive soon in Macedonia will be supplied to the agricultural combines in order to successfully carry out the spring sowing. In order to complete all of this work, Makpetrol is asking for even greater understanding from its business partners, from whom at the moment it is requesting 700 million dinars, although it has not yet paid for petroleum products already received.

The problem with mazut has been and remains very serious. Although there is constant talk about substitution, due to the start-up of operations of new projects (several brickyards, Hemteks, FENI, a cement works) the Republic now needs an additional 100,000 tons of mazut. Together with the 150,000 tons which is now needed by the Negotino Thermal-Electric Power Plant, the mazut requests for this year are 250,000 tons greater than what was anticipated in the energy plan for the Republic.

END OF

FICHE

DATE FILMED

26 March 82

